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Akashi To Ask for SDF Dispatch to Cambodia

OW0607133792 Tokyo KYODO in English 1214 GMT 6 Jul 92

[Text] Phnom Penh, July 6 KYODO—The chief of the United Nations peacekeeping mission in Cambodia said Monday the U.N. plans to officially ask Japan in early August to send troops to the war-ravaged country.

Yasushi Akashi, a Japanese national who heads the U.N. Transitional Authority in Cambodia (UNTAC), said he hopes Japan's Self-Defence Forces (SDF) personnel will arrive in Cambodia by early October and said the official U.N. request for their participation in the peacekeeping mission will be made two months before.

He also said his expectations of Tokyo to send 400 to 700 troops to Cambodia remain unchanged.

Last month, the UNTAC chief requested 400 to 700 engineering troops, seven or eight military observers, 75 civilian police officers, and 50 election supervisors.

A Japanese Government fact-finding team, which has all but completed its work in Cambodia, will leave Phnom Penh on Tuesday for Tokyo to file a report with Prime Minister Kiichi Miyazawa at the earliest possible date.

The Japanese premier said in an interview with the U.S. newspaper WASHINGTON POST last week that Japan could send SDF men by December at the earliest.

The 15-member Japanese mission headed by Tatsuo Arima, chief cabinet councilor for external affairs at the prime minister's office, arrived here for a six-day first-hand look at UNTAC operations in advance of Japan's participation in the U.N. peacekeeping efforts.

Sources from the fact-finding team said they wish to do their utmost to send SDF personnel as early as possible to comply with Akashi's request.

Arima also said his team accomplished satisfactory results in the country, expressing hope for an early dispatch of SDF personnel to Cambodia.

Also Monday, Prime Minister Hun Sen of the Phnom Penh government hailed Japan's participation in the U.N. peacekeeping mission in Cambodia when he met the team, Japanese officials said.

The premier reportedly added it would open the way for Japanese peacekeepers taking part in U.N. activities in other countries.

Conclusion of South China Sea Workshop Reported

BK0207133392 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 2 Jul 92

[Text] A workshop seeking to defuse conflict in the South China Sea ended today with a pledge to pursue cooperation in several matters. The four-day workshop was organized by the Foreign Affairs Department, with the cooperation of the Insitute for Southeast Asian Studies in Jakarta, and supported by the Canadian Institute for International Development. Here is a detailed report on the workshop by Erwina Ristyani, Radio Republik Indonesia reporter based in Yogyakarta.

[Begin recording] During the four-day workshop, participants debated issues such as the management of natural resources, sailing, navigation and communication activities, environment, marine scientific research, territorial jurisdiction, and an institutionalized mechanism for cooperation in the Spratlys and Paracels. Delegates attending the workshop agreed to take a concrete step toward cooperation without causing problems pertaining to territorial sovereignty. The workshop that proceeded openly, was full of friendship and mutual understanding. Participants reaffirmed their cooperation in the implemention of the principles adopted at the second workshop in Bandung—that is the use of dialogue and negotiations instead of force in settling territorial and jurisdictional disputes. They also agreed, as a concrete step toward cooperation, to set up two working groups of experts to prepare an assessment of the resources, and to engage in marine, scientific research. The working groups were given nine months to make the necessary preparations and are subject to the approval of the governments. [end recording].

The workshop was attended by 58 particpants from various countries around the South China Sea. All participants deemed it important to exchange views on the Spratlys, and discuss the achievements of the working groups at the next workshop.

Japan

U.S. Optimism on Uruguay Round Settlement Noted

OW0607131592 Tokyo KYODO in English 1220 GMT 6 Jul 92

[By Antonio Kamiya]

[Text] Munich, July 6 KYODO—A senior U.S. official on Monday expressed optimism about a settlement of the stalled Uruguay Round of multilateral trade talks.

"We believe we are very close to an agreement," the official said shortly before the leaders of the Group of Seven (G-7) major industrialized countries began their annual economic summit in Munich.

The official, who spoke on the condition that he not be named, said the differences dividing the United States and the European Community (EC) on farm trade "are now quite small."

The optimistic view was given following a meeting between U.S. President George Bush and French President Francois Mitterrand on Sunday evening.

Disputes over farm trade, primarily between the U.S. and the European Community (EC), have stalled the Uruguay Round of trade liberalization talks.

The U.S. official said Bush and Mitterrand had a "good and positive discussion" on the farm issue, and French officials said that the two leaders narrowed their differences over farm trade policy.

U.S. Secretary of State James Baker conferred with European Community (EC) Commission Vice President Frans Andriessen on the Uruguay Round issue Monday morning, and Bush is expected to have some "substantial negotiations" when he meets with EC Commission President Jacques Delors on Tuesday, the official said.

Delors was joining the government leaders from the G-7 countries—Britain, Canada, France, Germany, Italy, Japan, and the United States—for the three-day Munich Summit.

The U.S. official, however, cautioned that the G-7 leaders need some "political will" to break the impasse over the Uruguay Round.

"We are very near to an agreement. But we are not yet there. There are some tough issues," he said.

On other topics, the official said an agreement reached over the weekend between the International Monetary Fund (IMF) and Russia on Russian economic reforms "opens the way" for meeting President Boris Yeltsin's plea to reschedule the repayment of foreign debts incurred by the former Soviet Union.

Yeltsin will be meeting the G-7 leaders after the conclusion of the summit Wednesday.

The U.S. official said the G-7 leaders are likely to make a decision on whether to make Russia a full member of the G-7 forum before they meet Yeltsin on Wednesday afternoon.

Bush told reporters in Washington last week that he was willing to discuss the Russian membership in the G-7, a remark which has drawn a largely negative response from the G-7 partners.

Russia, which is struggling to build a market-oriented economy following the breakup of the Soviet Union last December, is a major topic on the G-7 summit this year.

The U.S. official said the G-7 leaders will spell out their position on aid to Russia and other former Soviet republics in a joint communique to be issued Wednesday.

Already, the G-7 countries have agreed to contribute to a 650 million U.S. dollar program to the former Soviet republics over the next couple of years in a short-term program to improve the safety of Soviet-designed nuclear reactors.

The program is expected to cost 650 million dollars, with the United States providing 100 million dollars and other G-7 partners 350 million, the U.S. official said.

Bush also met German Chancellor Helmut Kohl and the new Italian Prime Minister Giuliano Amato on Monday morning as part of the traditional bilateral consultations before the start of the G-7 summit.

G-7 Support on Territories Exceeds Expectations

OW0707091492 Tokyo KYODO in English 0858 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—Japan said Tuesday that support by seven major industrial countries for its position in a territorial dispute with Russia exceeds Tokyo's expectations.

"This issue has been given more attention than we expected" at the Group of Seven (G-7) economic summit in Munich, said top government spokesman Koichi Kato.

The G-7 leaders apparently are preparing to include Japan's claim to four Russian-held islands off Hokkaido in the summit's political declaration to be issued Tuesday, said Kato, the chief cabinet secretary.

It would be the first time for the matter to be taken up in a G-7 political declaration, though it has been mentioned in past summits in chairmen's summaries and an economic declaration.

Kato attributed the success to Japan's aggressive foreign policy but acknowledged that other summit nations have high expectations for Japan's role in providing economic assistance to economically beleaguered Russia.

"Japan recognizes the importance of economic assistance to the former Soviet Union as well as the importance of resolving the 'Northern Territories' dispute," Kato told a press conference.

The Soviet Red Army seized Etorofu, Shikotan, and Kunashiri islands and the Habomai group of islets at the end of World War II. Tokyo, demanding the return of the territories, has refused to sign a peace treaty with Moscow or provide major financial aid.

Finding ways to relieve the economic plight of the former Soviet Union has become a major focus of the G-7 summit.

Kato pledged Japan would continue what it calls a balanced expansion of relations with Russia, making possible broader economic relations as the two countries sort out their political differences.

Prime Minister Kiichi Miyazawa toured Europe a month before the summit in a bid to win support for Japan's claim to the islands, and Kato said France in particular appeared to have warmed to Tokyo's position.

Schedulers are still trying to arrange a meeting in Munich between Miyazawa and Russian President Boris Yeltsin, who will attend a special summit session, Kato said.

The G-7 groups Britain, Canada, France, Germany, Italy, Japan, and the United States.

Miyazawa Talks With EC, G-7 Leaders Reported

WA0707111192

For reportage on the talks in London of Prime Minister Miyazawa with UK Prime Minister Major and EC Commission President Delors, and reportage on Miyazawa's attendance at the Group of Seven (G-7) summit in Munich, see the International Affairs section of the 6 July West Europe DAILY REPORT and subsequent issues.

Tanabu, U.S.'s Hills Discuss Global Farm Talks

OW0707043892 Tokyo KYODO in English 0423 GMT 7 Jul 92

[Text] Washington, July 6 KYODO—Japanese Agriculture, Forestry, and Fisheries Minister Masami Tanabu said Monday that he and U.S. Trade Representative Carla Hills have agreed on the importance of Japan taking the initiative in global farm trade talks.

"We agreed that it is necessary for Japan to take the lead in the talks" being held as part of the Uruguay round of world trade negotiations, Tanabu told reporters after the meeting.

He added, however, that they did not specifically agree on the issue of Japan's rice market. Tokyo virtually bans rice imports.

Tanabu met Hills to exchange opinions on the deadlocked farm trade talks under the auspices of the General Agreement on Tariffs and Trade (GATT).

He reiterated Tokyo's stance of not accepting proposed tariffication of all farm trade barriers, Tanabu said. Tariffication means replacing quotas and other measures with tariffs.

Tanabu also said he learned in his talks with Hills that the United States and the European Community are still negotiating to narrow their differences in the bilateral farm talks.

Later Monday, Tanabu also met with U.S. Secretary of Agriculture Edward Madigan.

Tanabu proposed to Madigan that a new negotiating opportunity be established for both exporting and importing countries of farm products, according to a Japanese source accompanying Tanabu. Japan would like such a meeting to discuss tariffication, which it feels is overwhelmingly supported by exporting countries, the source said.

Madigan, showing no particular response to the suggestion, instead reiterated the U.S. support for tariffication of all the nontariff barriers in farm trade, which has been proposed by GATT Director General Arthur Dunkel.

The Madigan-Tanabu talks made no progress on narrowing the differences of the two countries on this issue, the Japanese source said.

According to the source, Madigan also said the U.S. and the EC have come a little closer to solving the disputed issue of reducing various forms of government [words indistinct] trade. But no accord has apparently been reached yet, the source said.

Bank of Japan Comments on U.S. Jobless Rate

OW0207143092 Tokyo KYODO in English 1404 GMT 2 Jul 92

[Text] Tokyo, July 2 KYODO—The rise in the U.S. unemployment rate in June may indicate a breakdown in the process of U.S. economic recovery, the Bank of Japan sources said Thursday.

The U.S. monetary authorities might have difficulty in deciding on economic policies because the figures for the nonfarm payroll and employment in the services sector were not so bad, the sources said.

The yen was bought against the U.S. dollar on the foreign exchange markets after the release of data, on speculation of lower U.S. interest rates in the near future.

But it is too early to predict whether the yen will continue to advance or come under selling pressure again, the sources said.

The central bank is now waiting for a report on the U.S. money supply to assess economic conditions in the country, they added.

The U.S. Labor Department reported in Washington that the country's unemployment rate climbed 0.3 percentage point in June to 7.8 percent, the highest level in more than eight years.

In Tokyo, market sources voiced surprise at the U.S. jobless rate, saying the figure is worse than they had expected.

EC Product Liability Systems Said Preferred

OW0307095592 Tokyo KYODO in English 0812 GMT 3 Jul 92

[Text] Tokyo, July 3 (KYODO)—Japan should take European product liability systems as a model rather than those of the United States when introducing its own planned product liability law, according to a government survey released Friday.

The field survey, conducted in Britain, Italy, Germany, France, Austria, and Switzerland by the Economic Planning Agency in April and May, cited the similarities in the legislative systems of Japan and the European countries as one of the reasons for its recommendation.

It found that the introduction of product liability systems in Europe has had no negative effects on either producers or consumers, and has rather helped improve the safety and quality of products, agency officials said.

In Japan, the Social Policy Council, an advisory body to the prime minister, is expected to draw up proposals on measures to protect consumers' interests by mid-December, which will pave the way for introducing a product liability law.

European Community (EC) member nations either have or are in the process of passing laws on liability for defective products in line with the EC Council of Ministers' directive of July 1985, according to the officials.

Among the surveyed countries, Britain and Italy promulgated product liability laws in 1988 and Germany in 1990, while France has a similar bill going through the legislature, they said.

Under the newly introduced European legislation, it is only necessary to prove that products are defective, rather than that the manufacturers are at fault, to claim compensation for damage incurred by consumers, the officials said.

The survey showed that this principle of strict liability without fault has been generally accepted not only by administrations, but also by industry and consumer groups in the EC nations.

Those nations attributed problems arising from similar principles in the United States to the U.S. legislative system, such as lawyers' fees being contingent on success, the jury system, and the punitive damages system allowing "unreasonable" compensation, the survey said.

In the U.S., a flood of lawsuits concerning defective products led to a "product liability crisis and insurance crisis," it said.

The EC nations, however, have no fear of suffering any remarkable impact from their product liability laws, partly because they allow manufacturers to protect themselves against unpredictable defects in the development stage, it said.

Tokyo, Paris Agree on Cooperation Organization

OW0307095292 Tokyo KYODO in English 0819 GMT 3 Jul 92

[Text] Tokyo, July 3 (KYODO)—Japanese and French business groups agreed Friday to establish an organization aimed at beefing up various private economic ties between the countries, officials said.

The Federation of Economic Organizations (Keidanren) and the Confederation of French Industries and Services (CNPF) agreed to set up the organization which will discuss bilateral trade, investment, and industrial and technological cooperation.

The organization will be cochaired by H. Martre, who is in charge of the Japan Section of the CNPF, and Tadashi Ito, chairman of Sumitomo Corp. of Japan.

A similar proposal was made by Keidanren when its delegation visited France in March, hoping to enhance bilateral ties in the private sector.

The French delegation arrived in Japan on Tuesday for a weeklong visit.

Deferring Soviet Debt Payments Said 'Difficult'

OW0607122592 Tokyo KYODO in English 1219 GMT 06 Jul 92

[Text] Tokyo, July 6 KYODO—A top Foreign Ministry official said Monday it would be "difficult" to defer repayments of the former Soviet Union's debt for at least two years as requested by Russian President Boris Yeltsin.

"The debt repayment issue has been discussed in relation to Russia's economic reforms. If that request emerged apart from negotiations between Russia and the International Monetary Fund (IMF), it would be difficult to realize it," said the official, who requested anonymity.

Asked whether a two-year deferral would be allowed under a set of economic reforms agreed upon over the weekend between Russia and the IMF, the official declined comment. He said Tokyo is trying to confirm Yeltsin's remarks and the Russo-IMF agreement.

Yeltsin said Saturday that he would ask the Group of Seven (G-7) industrial nations to defer both interest and principal payments on the Soviet debt, which he said totals 68 billion dollars.

Yeltsin is to leave Tuesday for Munich, where leaders of the seven major industrial nations began their annual summit meeting Monday.

Firm To Open Sales Outlets in Estonia, Ukraine

OW0307051892 Tokyo KYODO in English 0249 GMT 3 Jul 92

[Text] Tokyo, July 3 KYODO—Major Japanese automaker Nissan Motor Co. disclosed plans Friday to establish sales outlets in Estonia and Ukraine to sell passenger and commercial vehicles in the former Soviet Union, starting in September. Nissan will be the first Japanese automaker to launch sales arms in the former Soviet Union.

Company officials said the sales subsidiaries will be inaugurated in the Estonian capital of Tallinn and in Kiev, capital of Ukraine, in partnership with Japanese trading house Marubeni Corp. and local firms. They will sell several hundred vehicles a year supplied by Nissan's Amsterdam-based European subsidiary, the officials said. They said the company plans to sell several passenger models, including the Sunny, and the Caravan, a commercial vehicle.

The sales subsidiary in Estonia, which will be named Nissan Baltics, will be capitalized at 150,000 U.S. dollars, and will be 35 percent owned by the Marubeni Group, the officials said. Details of the Ukraine venture have not yet been finalized, they said.

Japan's vehicle exports to the former Soviet Union have been on the increase, totaling 9,560 in 1991, up 21 percent over the preceding year. The figure includes 1,136 Nissan vehicles.

Chinese Seek Compensation for WWII Forced Labor

OW0307134592 Tokyo KYODO in English 1251 GMT 3 Jul 92

[Text] Tokyo, July 3 KYODO—Three Chinese who survived a massacre of laborers at a mine in Japan during World War II demanded an apology and compensation Friday from Kajima Corp., one of Japan's top construction companies.

Li Kejin, 73, and two other former Chinese laborers visited Kajima's head office in Tokyo to demand an apology and 5 million yen each in compensation for their suffering.

The trio also requested the construction of memorial halls dedicated to the incident in Beijing and Odate in Akita prefecture, northern Japan, where the mine was located, Li said.

In July 1945, some 700 Chinese laborers rebelled against their harsh treatment at the Hanaoka gold mine operated by Kajima Gumi, the predecessor of Kajima Corp.

Historians say 418 of the laborers were killed by Japanese troops called in by Kajima. The 700 laborers were among 986 Chinese civilians rounded up by Japanese troops in China in the summer of 1944 and taken to the mine.

"Kajima looks unwilling to grant our wish and is insincere," Li said later. "If it doesn't comply with our requests, we will reveal the whole story of the Hanaoka incident to the rest of the world," he warned.

While acknowledging the need to continue negotiations on the matter, Kajima officials reportedly declined to respond specifically to the requests.

The officials were quoted as saying one corporation cannot be viewed as wholly responsible for causing Chinese to work as forced labor at the mine, though it should do something to address what occurred there in the past.

Kato Pays Respect to Former 'Comfort Women'

OW0307095892 Tokyo KYODO in English 0900 GMT 3 Jul 92

[Text] Tokyo, July 3 (KYODO)—Top Japanese Government Spokesman Koichi Kato paid his respects Friday to the Korean women who have volunteered information pertaining to their experience as forced prostitutes for Japan's military in World War II.

"It must have been painful for those women to reveal their names. We must bear in mind the agony they have experienced," Chief Cabinet Secretary Kato said.

The South Korean Government and Red Cross unveiled a report earlier in the day identifying 155 former "comfort women" from testimony given by victims and their relatives.

Kato said he regarded the report as "authoritative" but would not comment on its comments until he had reviewed it.

The report said that 74 of the former "comfort women" are still alive, as are 139 of the some 235 school children who were mobilized into "volunteer corps," forcibly dispatched to work in Japanese factories.

Japan is expected to release a report Monday on its own investigation based on more than 100 documents.

But government sources have said that the documents provide no evidence that the Korean, Chinese, Taiwanese, and Philippine women were forcibly recruited.

Tokyo Acknowledges Role in WWII Brothels

OW0707120492 Tokyo KYODO in English 1154 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—Japan will offer compensation to former "comfort women" in China and other countries equal to the level of compensation that it will decide to give such women in South Korea, a high-ranking government official said Tuesday.

Noting that demands for such compensation are increasing from China and other Asian countries, the official said the government will give victims in those nations the same compensation that will ultimately be offered to South Korean women forced to provide sex to Japanese soldiers during World War II.

"It is a future problem, but it is a logical step to take," he said.

The government formally acknowledged in an official report released Monday that it played an official role in organizing frontline military brothels during the war.

The report, based on a six-month study of thousands of documents from six ministries and agencies, showed that the Japanese Government was also involved in systematically recruiting women from Japan, Taiwan, the Philippines, and Indonesia.

While the report found that comfort women were forced to provide sex to soldiers, it did not say by what methods the women were recruited and found no evidence that they had been forcibly recruited.

The government also said it would consider how best to offer apology and show remorse for hardships and "indescribable pain and suffering" that former comfort women of all nationalities had to endure.

Women from the Philippines, the Dutch East Indies (Indonesia), and Taiwan are among those included in the government report.

It is estimated that 100,000 to 200,000 women, mostly Korean, were forced into prostitution for Japanese soldiers at the frontline brothels during World War II.

Meanwhile, Chief Cabinet Secretary Koichi Kato indicated that the government will decide by the end of this year "some measures" to be taken to compensate the women, but he did not specify what those measures might be.

"Although they have yet to be decided on, we have no intention to defer the decision," said the top government spokesman, who released the government study Monday.

Also Tuesday, a Foreign Ministry spokesman indicated Japan may decide how to redress the hardships of Asian comfort women prior to the outcome of a suit filed against the government last December by three such women from South Korea seeking financial compensation.

Noting that the court case might take a long time, spokesman Sadaaki Numata said, "I think it's fair to say that our consideration of how best we can express our feelings to all these people will not be necessarily contingent on the court case coming to a conclusion."

He said that having established by Monday's study that there was indeed government complicity, "obviously the next step is for us to go on to consider what we can do in terms of expressing our feelings."

Asked about Japanese Government documents on comfort women that were taken away by American forces after Japan's defeat in World War II, Numata indicated they were merely being "taken into account."

He said the government worked "very hard" but failed to locate in its archives the originals of the seized documents or other corresponding documents.

Apologizes Over 'Comfort Women'

OW0607115692 Tokyo KYODO in English 1050 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—The Japanese Government, in releasing a report showing its direct involvement in running frontline brothels during World War II, apologized Monday for recruiting women to provide sex for Japanese soldiers.

"I would like once again to express the sincere apologies and remorse of the Government of Japan to all those, irrespective of nationality or place of origin, who underwent indescribable pain and suffering as comfort women," Koichi Kato, the top government spokesman, told a press conference.

Kato added that "with this sense of deep remorse and with the determination never to repeat such a mistake," Japan will firmly uphold its position as a nation dedicated to peace and "spare no effort as it strives to build future-oriented relationship" with South Korea and other nations in Asia.

He said the government will give sincere consideration to redressing the hardships experienced by those who "tasted the bitterness of life."

Japan will study how to best express its apologies to South Korea by "carefully listening to opinions from various fields," he said, declining to mention specific measures or a timetable.

Kato said Japan regards the issue of compensation as already having been solved by the San Francisco Peace Treaty.

Japan will also study adopting measures for other affected countries, he said.

The report, based on a six-month survey on 127 wartime documents found in six ministries and agencies, showed the Japanese Government's involvement in systematically recruiting women from Japan, Korea, China, Taiwan, the Philippines, and Indonesia.

It did not say, however, by what methods the women were recruited.

The report summarized some passages in the documents which stated that the women were forced to work in frontline brothels to protect local civilians from being raped, which would have fanned anti-Japanese sentiment as the Imperial Army moved through Asia.

But although the "comfort women" were forced to provide sex, the survey could find no evidence that they had been forcibly recruited.

Japan has passed on the outline of the report through diplomatic channels to South Korea, China, the Philippines, Indonesia and Taiwan.

Kato said the Japanese Government will continue investigating documents concerning comfort women and will make them public.

But he said it will not conduct any hearings on individual people who were involved because such hearings may violate privacy.

A number of former comfort women have come forward since three former South Korean comfort women drew attention to the issue by filing suit against the Japanese Government last December. The women said that they were duped by recruiters, who led them to believe they would be employed to do ordinary jobs.

The government acknowledged on the eve of Miyazawa's January visit to Seoul that newly revealed documents proved government involvement. The government had long maintained that the brothels, thought to have employed an estimated 70,000-200,000 women, were privately managed.

Miyazawa apologized for the wartime comfort women recruitment during his stay in the Korean capital and promised to investigate the issue further.

Malaysian Minister Defends EAEC Trade Plan

BK0607143592 Singapore THE STRAITS TIMES in English 1 Jul 92 p 16

[By Kwan Weng Kin, Tokyo Correspondent]

[Text] Tokyo—Visiting Malaysian International Trade and Industry Minister Datuk Sri Rafidah Aziz yesterday defended the Kuala Lumpur-inspired proposal for a trade caucus among East Asian nations and called on Japan not to be bashful about joining the grouping. The East Asia Economic Caucus (EAEC) was not a trade bloc, she told a luncheon at the Foreign Correspondents' Club here yesterday.

Datuk Rafidah, who was on her way to attend an investment promotion seminar in Osaka, explained that Malaysia first mooted the idea for the EAEC because it felt that the Uruguay Round of multi-lateral trade talks was making no headway.

"Because we do not see free trade coming, we would like to talk about getting freer trade in this part of the world," she said.

It was important for East Asian countries, which account for 20 per cent of world trade, to meet at private-sector, official and ministerial levels to discuss how they could enhance trade and investment, she added.

"We are not trying to set up any trading arrangements among ourselves," she stressed.

ASEAN leaders had since endorsed the EAEC concept and officials were now working out the mechanism for the proposed forum, she said. The minister yesterday also criticised Washington for pressuring Tokyo not to support the EAEC.

"I believe that some people are afraid that if Japan gets pulled into the EAEC, then Japan, which is already an economic power, will become even more invincible," said Datuk Rafidah, without mentioning Washington by name. Declaring that Malaysia had not drawn up any "exclusion list", she expressed surprise that the United States should be upset about not being part of the EAEC.

"America, please, how can you be East Asian? It is just geographically not possible," she told the audience.

Asked about Japan's role in the grouping, she said that participation in the forum would be equal and that Japan was not expected to play a leadership role except in terms of paving the way for enhanced trade or better market access. She stressed that Japan was not being asked to tell the rest of East Asia what to do.

Although Malaysia has tried several times to persuade Japan to join the grouping, Tokyo has adopted a noncommittal stance reportedly out of consideration for Washington's feelings.

Urging Japan not to be afraid to join the grouping, she said:

"The Japanese know full well about the EAEC. This is a bashful bride that we are talking to."

Company Launches Resin Venture in Thailand

OW0607103792 Tokyo KYODO in English 1012 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—Monsanto Kasei Co. of Tokyo announced Monday it has launched a joint venture in Thailand to produce high-performance resin.

The company said Monsanto Premier Kasei Co., capitalized at 1.05 billion baht (about 5.4 billion yen), is the first foreign venture to manufacture ABS (acrylonitrile butadiene styrene tercolymer) resin in Thailand.

Monsanto Kasei is an equally owned joint venture between U.S. chemical firm Monsanto Co. and Mitsubishi Kasei Polytec Co. of Japan.

The company said the new firm will complete production facilities near Bangkok by 1995 to produce 46,000 tons of ABS resin and 20,000 tons of as (styrene acrylonitrile copolymer) resin annually.

ABS resin is used in automobiles, home appliances and office equipment while as resin is used widely for cosmetic containers and other products.

Demand for these forms of resin is growing in southeast Asian countries as local production of home appliances and automobiles expands, the company said.

Monsanto Premier Kasei is owned 44 percent by Monsanto, 26 percent by Monsanto Kasei, and 30 percent by the Premier group of companies based in Bangkok, the company said.

Watanabe To Resume Foreign Ministry Duties

OW0707102592 Tokyo KYODO in English 1016 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—Foreign Minister Michio Watanabe, who has been hospitalized since late May, will resume his official duties next week, a senior member of Watanabe's faction in the ruling Liberal Democratic Party said Tuesday.

Watanabe was admitted to Tokyo Women's Medical College Hospital nearly six weeks ago and is recovering from gallstone surgery.

He will commute to his offices at the Foreign Ministry from the hospital until doctors determine him fit to return home, said Ihei Ochi, secretary general of the Watanabe faction.

Watanabe, however, will refrain from campaigning on behalf of colleagues standing in the upper house election to be held July 26. Also, he will not travel abroad for the time being, according to Ochi.

Watanabe, who doubles as deputy prime minister and foreign minister, was admitted to the hospital May 31 after complaining of stomach pains.

Watanabe will discuss with Prime Minister Kiichi Miyazawa the timing of his official return to office after Miyazawa returns to Tokyo from the Munich summit meeting of the seven major industrialized nations.

Watanabe is scheduled to visit Russia in late August.

Tokyo Urged To Further Relax Market Controls

OW0207105392 Tokyo KYODO in English 0804 GMT 2 Jul 92

[Text] Tokyo, July 2 KYODO—Japan should further reduce its market controls as part of efforts to improve foreign access to the Japanese market, a study group said in a report released Thursday. The group, which studied market regulations at the request of the Economic Planning Agency, marking the 10th anniversary since the start of the Office of Trade and Investment Ombundsman (OTO) system in Japan, stressed the need to secure internationally harmonized market systems. Liberalizing the market would eventually help improve people's living standards and stabilize the economy and society through diversified options, as well as making prices more stable, it said. It would also open markets to foreign nations and promote imports to Japan, according to the report, compiled by a five-member group headed by Mitsuo Matsushita, a professor at Tokyo University. The 184-page report said detailed standardization and specifications should be left to private companies, which it said should be encouraged to introduce self-certification systems. It also proposed the establishment of a product liability system under which manufacturers and sales companies would have to compensate for any damage arising from defects in their products. Comparing Japan's market regulations such as certification systems with those in the United States and European nations, the report said the Japanese Government maintains many more legal controls over cosmetics, electrical appliances, automobiles, and construction. Except for food and medical supplies, the United States basically leaves standardization, certification, and investigation to the private sector's discretion, it said.

Firms Urged To Increase Foreigners' Benefits

OW0307095792 Tokyo KYODO in English 0807 GMT 3 Jul 92

[Text] Tokyo, July 3 (KYODO)—Japan offers fewer social benefits and administrative services to foreign workers than either Germany or Italy, the Labor Ministry said in a report Friday.

The report, compiled by the ad hoc committee of the ministry, said the central and local governments spent 6.2 billion yen on social benefits and administrative services for foreign workers in 1991.

In 1989, Germany and Italy, which are major European countries to accept foreign workers, respectively used 135 billion yen and 12 billion yen for foreign workers.

Among the social benefits and administrative services offered in Japan are medical, unemployment benefits, the setting up of Japanese language classes, and guide books and pamphlets in foreign languages to explain Japanese customs and daily lifestyles, the report said.

Ministry officials said the ministry will ask employers and employees to discuss the report to help the ministry work out basic labor policies for foreign workers in Japan.

The committee said in the report that central and local governments will shoulder a financial burden for social benefits, administrative services and other social costs for foreign workers in Japan if the number of workers continue to grow.

The report called on private firms—which would recruit foreign workers—to extend financial benefits to them to improve their welfare and daily life.

An estimated 480,000 foreigners worked in Japan in 1991, about 1 percent of Japanese work forces which totals about 65 million, the report said.

A breakdown of the numbers show that only some 70,000 foreign workers were legally allowed to work full time in Japan. About 145,000 were foreigners of Japanese origin (nikkei gaikokujin), about 215,000 were illegal workers, and 50,000 were foreign students, who were permitted to work part-time jobs.

The inflow of foreign workers in Japan will improve the labor shortage in Japan, the report said. It will also help Japan's economic growth.

But the report cautioned that the inflow of foreign labor will slow the pace of investment in modern machines and other industrial equipment which would otherwise inevitably cut manpower needs.

Poll: Majority Opposes U.N. Peacekeeping Law

OW0407060592 Tokyo KYODO in English 0511 GMT 4 Jul 92

[Text] Tokyo, July 4 KYODO—More than half of Japanese people polled are strongly opposed to the new law designed to send Self-Defense Forces (SDF) overseas on United Nations peacekeeping missions, a Tokyo newspaper reported Saturday.

The poll shows that 54.3 percent of the people surveyed are opposed to the U.N. Peacekeeping Cooperation Law which cleared the Diet on June 15 with the backing of the ruling Liberal Democratic Party (LDP) and the two opposition parties, Komeito and the Democratic Socialist Party. The Social Democratic Party, the largest opposition force, the Japanese Communist Party, and other opposition parties resisted the passage of the bill.

The poll was conducted by the Nihon Yoron Chosa-kai, an opinion survey agency organized by KYODO News Service and its members, and released by the TOKYO SHIMBUN.

The U.N. Peacekeeping Cooperation Law is expected to be one of the hottest issues in the House of Councillors elections on July 26.

The pollees supporting the new law amount to 41.8 percent and 3.9 percent remain uncommitted, according to the poll. The poll, taken in interviews June 27 and 28, covered 3,000 people aged 20 or over in 250 areas nationwide. Of them, 1,939 or 64.6 percent responded.

Of the people opposed to the law, 31.5 percent said SDF troops should not be dispatched overseas, saying their duties are restricted to exclusively defending Japan. Some 24 percent of the opponents of the law say that they fear the sending of SDF troops abroad might lead them to use force, while 22.3 percent say the law runs counter to Japan's war-renouncing Constitution because the measure paves the way for the overseas dispatch of the SDF.

Of the pollees who expressed their support for the law, 71.8 percent said Japan should contribute to the international community as other foreign countries have done.

By gender, 59 percent of the female pollees expressed opposition to the legislation, while men were divided equally, with some 49 percent supporting it and 49 percent against.

Asked about the review of the legislation scheduled for 1995, 43.2 percent asked the government to consider whether the SDF would continue to take part in U.N. peacekeeping operations or whether another organization separate from the SDF should be set up for such activities.

The Peacekeeping Cooperation Law permits up to 2,000 troops to be sent overseas in response to a U.N. request for a deployment, and would allow the SDF to engage in such activities as disarming rival factions that have agreed on a truce and monitoring elections and cease-fires. The law also includes a ban on SDF participation in operations that might involve military action. To lift the ban, new legislation is required. The legislation stipulates that parliament must review it three years after its enactment.

Asked about the best way for Japan to contribute to the realization of peace and reconstruction in troubled parts of the world, 53.7 percent said Japan should send personnel in such nonmilitary fields as medical services, police activities, and monitoring of elections.

Local Legislators Seek Ban on SDF Dispatch

OW0607114792 Tokyo KYODO in English 1124 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—Twenty-three independent local assembly members on Monday applied for a temporary injunction against a new law authorizing the dispatch of Japanese troops abroad to join United Nations peacekeeping missions.

The local legislators made the application to the Tokyo district court to seek a ban on the overseas dispatch of Self-Defense Forces (SDF) personnel, the first such move since the law was enacted June 15.

The plaintiffs comprise Fusami Nishi 55, a member of the city council of Utsunomiya, Tochigi prefecture, north of Tokyo, and nonaffiliated local assemblymen in Tokyo, Chiba and Saitama prefectures.

According to a statement by the plaintiffs, the Peacekeeping Law violates the constitutional ban on the use of force in resolving international disputes and is null and void in that the vote-taking procedure was against Diet management regulations.

It also cited the concern in Asian countries over the participation of SDF personnel in U.N. missions and the increasing number of Japanese objecting to the overseas dispatch of SDF units.

Nishi said they applied for the injunction ahead of the planned dispatch of SDF personnel for training to Sweden in mid-July.

She also said they plan to file a lawsuit seeking a ban on the dispatch of SDF members overseas if their application is turned down.

The local legislators, Nishi said, are invoking support from about 100 independent members of municipal councils in the Tokyo metropolitan area and anticipating an increase in the number of backers.

Some civic groups in Kagoshima, Kanagawa and Saitama prefectures are also considering applying for temporary injunctions against the peacekeeping law, she added.

Officials of a task force on Japan's peacekeeping efforts connected to the prime minister's office declined to comment on the local legislators' move because they have yet to examine their statement.

Ishihara Says SDF May Go to Cambodia by Oct

OW0607043292 Tokyo KYODO in English 0346 GMT 06 Jul 92

[Text] Tokyo, July 6 KYODO—Japan may be able to send a peacekeeping mission to Cambodia by October, in response to a request from the UN Transitional Authority in Cambodia (UNTAC), a government spokesman said Monday.

Deputy Chief Cabinet Secretary Nobuo Ishihara said that Japan may be able to respond to such a request from UNTAC Chief Yasushi Akashi depending on the content of the request.

He declined to give specifics, saying that the government would wait for a report from a fact-finding team due to return to Tokyo from Phnom Penh on Tuesday.

Akashi has asked Japan to send troops in early October, according to sources in the mission.

Last month Akashi requested 400 to 700 engineering troops, seven or eight military observers, 75 civilian police officers, and 50 election supervisors.

Last week Prime Minister Kiichi Miyazawa said in an interview with the U.S. newspaper the WASHINGTON POST that Japan could send Self-Defense Forces personnel by December at the earliest.

Fact-Finding Mission Returns From Cambodia

OW0707090092 Tokyo KYODO in English 0813 GMT 7 Jul 92

[Text] Phnom Penh, July 7 KYODO—A Japanese Government fact-finding team headed home Wednesday from Phnom Penh following a six-day mission to lay the groundwork for Japan's participation in United Nations peacekeeping activities in Cambodia.

The 15-member team was working to find out what sort of effort Japan can make in Cambodia when Tokyo dispatches its first troops under the new U.N. Peacekeeping Cooperation Law. The controversial measure cleared the Japanese legislature on June 15.

After returning to Tokyo via Bangkok on Wednesday, the mission headed by Tatsuo Arima, chief councilor for external affairs at the prime minister's office, is to submit reports to the government identifying what areas and on what scale Japan can cooperate in Cambodia's reconstruction efforts.

The team is made up of officials from the seven ministries and agencies, including the Foreign Ministry and the National Police Agency.

During their stay in Phnom Penh, they exchanged views on Japan's contribution to Cambodia with Yasushi Akashi, head of the United Nations Transitional Authority in Cambodia (UNTAC) and Prince Norodom Sihanouk, chairman of the Supreme National Council.

In talks with Arima, Akashi said that the UNTAC will officially ask Japan in early August to send the Self-Defense Forces personnel to join the U.N. peacekeeping missions in Cambodia.

The mission also visited several units of the U.N. peacekeeping team, including military, civilian police, and election monitoring units, and conducted inspections by helicopter of a cease-fire surveillance post near the Vietnamese border.

SDP, DSP Agree To Back Rengo's Candidates

OW0407053092 Tokyo KYODO in English 0445 GMT 4 Jul 92

[Text] Tokyo, July 4 KYODO—The Social Democratic Party (SDP) and the Democratic Socialist Party (DSP) agreed Saturday to support 23 candidates backed by the Japanese Trade Union Confederation (Rengo) in the upcoming House of Councillors election, officials of both parties said. Makoto Tanabe, chairman of the largest-opposition SDP, said at a news conference that he and DSP leader Keigo Ouchi agreed to do their utmost to reduce the ruling Liberal Democratic Party's seats in the opposition-controlled upper house.

The meeting took place at a Tokyo hotel at the request of Akira Yamagishi, president of Rengo, Japan's largest union confederation. Yamagishi has said he wants to patch a rift between the two opposition parties. Rengo's eight-million member organization comprises about 4.8 million SDP supporters and some 2.4 million DSP backers.

The SDP has been at odds with the fourth-ranked opposition DSP over a United Nations peacekeeping operations bill. The bill, which allows the overseas dispatch of Japan's Self-Defense Forces on U.N. peacekeeping missions, passed through the Diet on June 15 with the backing of the LDP, Komeito, and the DSP. The SDP strongly opposed the bill, saying that such troop dispatches would be a violation of Japan's war-renouncing Constitution.

Tanabe and Ouchi agreed to make joint efforts to enable the Rengo candidates to win the election to be held July 26. Rengo is scheduled to field 23 candidates in the election, for which campaigning officially starts July 8. Half of the 252 seats in the upper house are up for re-election every three years.

On the upper house election campaign, the two opposition leaders agreed to respect Rengo Sangiin's policy on the U.N. peacekeeping cooperation legislation. Rengo Sangiin, a 13-member group of upper house members affiliated with Rengo, has claimed Japan should dispatch a corps separate from the Self-Defense Forces to join U.N. peacekeeping missions. Rengo Sangiin also said that Self-Defense Forces personnel on temporary leave or on loan would be allowed to take part in the corps.

At the joint news conference with Tanabe and Yamagishi, Ouchi said that there would be plenty of room for the two parties to cooperate after the election.

Poll: LDP Appears Set for Election Rebound

OW0507053492 Tokyo KYODO in English 0509 GMT 5 Jul 92

[Text] Tokyo, July 5 KYODO—The ruling Liberal Democratic Party (LDP) stands a good chance of rebounding from its devastating defeat three years ago in the upcoming House of Councillors election, a Tokyo newspaper reported Sunday.

Results of the poll showed 46 percent of the Japanese voters surveyed plan to vote for LDP candidates in the July 26 election, an increase of 17 points over 1989, when the LDP lost its upper house majority for the first time due to anger with the new consumption tax and a series of political scandals.

Nearly 58 percent said they believed the opposition-controlled upper house was best for the nation, while one-third preferred an LDP majority.

Only 15 percent of the voters surveyed said they want an LDP-led government, while 29.9 percent prefer a coalition between the LDP and the leading opposition Social Democratic Party (SDP).

Another 23.4 percent said they envision a coalition cabinet involving the LDP, SDP, and the two centrist opposition parties—Komeito and the Democratic Socialist Party (DSP).

About 18.2 percent said they liked the LDP alignment with Komeito and the DSP, which collaborated with the ruling party to enact the United Nations peacekeeping cooperation law last month.

The NIHON YORON CHOSA-KAI, a public opinion survey body organized by KYODO News Service and its members, surveyed 3,000 eligible voters in 250 locations throughout Japan based upon the distribution of the nation's 90 million voters.

A total of 1,939 subjects responded to the survey conducted June 27-28. The results were published in the Tokyo SHIMBUN.

One half of the 252-seat upper house is up for election every three years. The term of an upper house member is six years.

Official campaigning for the House of Councillors poll opens Wednesday with 76 seats in election districts and 50 proportional seats to be awarded according to the results of the nationwide ballot.

In balloting for the proportional representatives, 46 percent of the respondents said they will vote for the LDP, while 22 percent plan to vote for the SDP—seven points less than voted for the leading opposition party in 1989.

Among the surprises in the survey was the newly founded New Japan Party (NJP), for which 5 percent of the pollees said they would vote, surpassing Komeito, the DSP, and the Japanese Communist Party (JCP).

Computer projections based on the three previous elections and surveys suggested the LDP will win 21 of the 50 proportional seats, while the SDP will take home 14.

Twenty-four LDP seats in the proportional seats are at stake in the election.

Komeito is seen picking up four seats, while the JCP and the DSP are each expected to capture three. The United Social Democratic Party (USDP) will likely win one seat, according to the computer results.

The NJP should capture two seats, with the remaining two seats going to miniparties.

Asked what they considered the primary issues of the upcoming campaign, 64.5 percent said it would be Japan's international contributions, including the newly enacted U.N. Peacekeeping Operations Law.

The law allows the self-defense forces to join U.N. peacekeeping missions abroad for the first time since the end of World War II [sentence as received].

DSP Chairman Ouchi Supports Two-Party System

OW0607093092 Tokyo KYODO in English 0849 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—Democratic Socialist Party (DSP) chairman Keigo Ouchi said Monday the DSP will support the creation of a new party with a view to setting up a political system in which two major parties vie for power.

Speaking to reporters at the Japan National Press Club, Ouchi said, however, that he is against merging his party—the fourth-largest opposition grouping—with the Social Democratic Party (SDP) to pave the way for such a system.

Ouchi said, "the SDP will not be able to pave the way for forming realistic policies unless its right-wing party members part with its left-wing members."

The Japanese trade union confederation (Rengo), a main support base for the SDP—the largest opposition party—and the DSP, has urged that they two parties merge in a bid to replace the government of the ruling Liberal Democratic Party (LDP), which has been in power since 1955.

Ouchi said realistic social democrats must strive to set up a new party comprising workers, farmers, religious groups, and business circles.

"I asked Rengo leader Akira Yamagishi to step forward to set up a new party comprising the SDP, the DSP, and some LDP members Rengo is able to recommend as parliamentary candidates," he said.

Ouchi quoted Yamagishi as saying he agreed with this idea of forming a new party, saying it would be a prelude to forming a two-party system in Japanese politics.

Ouchi said a reorganization of parties may erupt if the opposition gains a margin of 20 to 30 seats over the LDP in the upper house as a result of the July 26 House of Councillors election.

Half of the 252 upper house seats come up for reelection every three years. The LDP lost its majority for the first time in the previous upper house election because of the introduction of the highly unpopular consumption tax and a series of scandals, most notably the Recruit Stocks-for-Favors scandal.

SDP Candidate Dropped From Election List

OW0707085892 Tokyo KYODO in English 0818 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—The Social Democratic Party (SDP) announced Tuesday that it has dropped an allegedly scandal-tainted trade union leader from a list of candidates for the July 26 House of Councillors election.

Japan's largest opposition party has compiled a list of candidates from the national constituency, which uses a proportional representation system, ahead of the official campaign which begins Wednesday.

Half of the upper house's 252 seats will be up for reelection in the triennial poll.

Makoto Tamura, chairman of the General Federation of Private Railway Workers' Unions of Japan, failed to win the party's ticket in the upper house election although he had been expected to rank at the top of the SDP list.

However, officials said Tamura's alleged links with the scandal-ridden Tokyo Sagawa Kyubin Co., Japan's leading parcel delivery firm based in Tokyo, was the main reason he was dropped as a candidate.

Tamura admitted at a press conference on Tuesday that he met Kiyoshi Sagawa, former president of Tokyo Sagawa Kyubin, at a party for a former SDP upper house member. But he denied his personal ties with Sagawa, saying, "I have no relations with the company. I feel strong anger (against the SDP)."

The scandal involves over 500 billion yen of loans and loan guarantees the parcel delivery firm extended to companies and individuals.

Some dozen ruling and opposition politicians were reportedly suspected of accepting large amounts of money from Tokyo Sagawa Kubin.

Mitsuharu Warashina, chairman of the All Japan Federation of Electric Machine Workers' Union, replaced Tamura at the top of the party's list, the officials said.

Meanwhile, Shigeru Kayano ranked to 11th on the SDP list as a representative of Japan's minority Ainu people. Kayano serves as director of the Ainu Memorial Museum in Hokkaido.

The Ainu, the original inhabitants of Hokkaido and parts of northern Honshu, started actively campaigning for recognition as a minority group following former Prime Minister Yasuhiro Nakasone's controversial comment in 1985 that Japan is a monoracial nation.

The Hokkaido-based Ainu organization Utari said it has registered 24,000 Ainu.

Official Welcomes Yen's Gradual Appreciation

OW0307051992 Tokyo KYODO in English 0257 GMT 3 Jul 92

[Text] Washington, July 2 KYODO—A Japanese Finance Ministry official accompanying Prime Minister Kiichi Miyazawa on his visit to the United States welcomed Thursday the yen's gradual appreciation against the U.S. dollar. The official, speaking on condition of anonymity, said the yen's gradual advance against the U.S. dollar "will contribute to correcting Japan's trade imbalance against other regions."

Asked if he was referring to the dollar's sharp decline to near the 123 yen level on the day, he replied, "yes." The official, however, declined to say what he thought was the appropriate exchange level. The dollar finished at 124.40-50 yen Thursday in New York.

BOJ Sources: No Likelihood of Further Yen Rise

OW0207151192 Tokyo KYODO in English 1447 GMT 2 Jul 92

[Text] Tokyo, July 2 KYODO—Bank of Japan sources said Thursday that the U.S. interest rate cut would probably not bring on a further appreciation of the yen against the U.S. dollar, since foreign exchange market players had anticipated such U.S. move.

Finance Ministry sources concurred with the view, and said there would be no change in Japan's monetary policy for the time being.

Market sources said the Japanese currency may gradually strengthen further as a result of the U.S. interest rate cut.

City Banks Consider Short-Term Prime Rate Cut

OW0307051492 Tokyo KYODO in English 0420 GMT 3 Jul 92

[Text] Tokyo, July 3 KYODO—Some of Japan's commercial banks are considering lowering the short-term prime rate, currently standing at 5.25 percent per annum, following Thursday's cut in the U.S. official discount rate, banking industry sources said Friday.

Dealers have begun to speculate that the Bank of Japan will follow suit to slash its key lending rate immediately, contributing to a decline in most interest rates in the Tokyo yen-denominated money market Friday.

The short-term prime rate on loans of one year or less, charged by banks to their most creditworthy customers, will be reduced by 0.25-0.75 percentage point, the sources said.

The rate on the three-month certificates of deposit, issued by major Japanese commercial banks, fell to as low as 4.39 percent Friday, compared with 4.70 percent in early April, when the prime rate was cut to the current level.

A dealer at a major commercial bank predicted that the prime rate will be lowered as early as next week, saying, "We have to be cautious about whether Friday's interest level will be maintained in the short-term money market. Market participants need to carefully watch the central bank's monetary stance."

MOF To Allow Seven-Year Bank Debentures

OW0307090892 Tokyo KYODO in English 0845 GMT 03 Jul 92

[Text] Tokyo, July 3 (KYODO)—The Ministry of Finance (MOF) will allow Japan's long-term credit banks and other financial institutions permitted to issue bank debentures to add seven-year debentures to their financing instruments, ministry sources said Friday.

The ministry will also allow these financial institutions to issue such debentures twice every month instead of only once as now, the sources said.

Japan's three long-term credit banks—the Industrial Bank of Japan, Long-Term Credit Bank of Japan, and Nippon Credit Bank—will likely start issuing seven-year, fixed interest rate-bearing debentures by the end of the year, the sources said.

Licensed as institutions providing specialized long-term lending, these banks are restricted from taking deposits and depend on the debentures as a primary means of raising funds.

"(The MOF) wants to help the long-term credit banks to diversify their funding sources so that they can have more effective asset liability management," said Alicia Ogawa, senior banking analyst at S.G. Warburg Securities (Japan) Inc.

Currently, the Bank of Tokyo, Norinchukin Bank, Shoko Chukin Bank, the National Federation of Credit Association as well as the three long-term credit banks are permitted to obtain funds through the issuance of the debentures.

The long-term credit banks issue five-year coupon-bearing bank debentures and one-year discount debentures, while the Bank of Tokyo issue three-year coupon-bearing debentures and one-year discount debentures.

In a similar move to help widen the scope of their financing resources, the MOF last November permitted the long-term credit banks to issue two-year debenture and the Bank of Tokyo to issue the five-year instrument.

The long-term credit banks will have four types of bank debentures—one-, two-, five-, and seven-year bonds—on hand as funding instruments after the MOF's permission takes effect.

As the MOF has institutional investors in mind as the main purchasers of the seven-year debentures, the minimum purchasing unit will be 100 million yen, according to the sources.

The coupon rate will be set slightly higher than the yields on the 10-year government bonds that have seven years to go until redemption, they said.

The prospective expansion of the financing means will come in response to long-standing calls by the long-term credit banks and the other debenture-issuing institutions.

They have been seeking MOF's permission to issue seven-year and one-year coupon-bearing bank debentures as a means to minimize the risks stemming from the difference in terms between funding and management instruments.

The MOF has yet to give a go-ahead to the issuance of one-year coupon-bearing debentures, but by allowing the institutions to issue debentures twice a month, it will help boost the flexibility of their financing.

MOF Official Supports Yen's Current Strength

OW0607125292 Tokyo KYODO in English 1226 GMT 6 Jul 92

[Text] Munich, July 6 KYODO—A senior Japanese Finance Ministry (MOF) official Monday supported the yen's recent rise against the dollar, indicating the current exchange rates will not damage the Japanese economy.

Yuichi Ezawa, director general of the MOF's International Finance Bureau, said the yen had previously risen to the 121-yen level and that the nation's economy could tolerate its return to that exchange value.

Ezawa also expressed the hope that the yen's recent appreciation will help ease Japan's trade imbalances.

He is accompanying Prime Minister Kiichi Miyazawa for the Munich summit of the Group of Seven (G-7) industrialized nations opening Monday.

Mieno Says Economy in 'Harsh Adjustment Phase'

OW0607030192 Tokyo KYODO in English 0246 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—Bank of Japan (BOJ) Governor Yasushi Mieno painted a mixed picture of the Japanese economy on Monday, laying equal stress on both grim and bright aspects.

Mieno told a meeting of BOJ branch managers that the economy remains in a "harsh adjustment phase" with production markedly sluggish, a BOJ official said.

He [words indistinct] in capital investment in the manufacturing sector has come to a head, while consumer spending is now on a downtrend, the official said.

As demand continues to weaken, some sectors are lagging in cutting down the level of inventories, Mieno was quoted as saying.

Mieno's remarks, which came on the first day of a two-day meeting of central bank branch heads, show the bank has changed its view on personal consumption, which it had been describing as the principal supporter of the economy in the current downward cycle.

But he also stressed that there are some signals that spell a recovery not far off.

The housing sector is giving increasingly clear signs of recovery, while capital spending among small nonmanufacturing companies is beginning to signal a bottoming out, Mieno reportedly said.

Mieno said, "The trend toward continued quarter-to-quarter slowdown as seen recently appears to be coming to an end."

The BOJ head also said inflation, of both wholesale and consumer prices, is well tamed.

Mieno attributed the recent virtual halt in money supply growth to weak capital demand from companies due to the slowing economy.

He added that stock prices remain weak.

Mieno said he will continue watching the effects of the monetary easing in the past year and the government's economic boosting measures in managing monetary policy.

"I would like to keep a close watch on the developments of economic conditions without any prejudgments," he said.

Business Split on Rate Cut To Stimulate Economy

OW0607112892 Tokyo KYODO in English 1032 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—Japan's top business leader Gaishi Hiraiwa expressed opposition Monday to mounting calls from other business leaders for a further easing of credit by the Bank of Japan.

Hiraiwa, chairman of the powerful business lobby Federation of Economic Organizations (Keidanren), told a news conference that it is "premature" for the central bank to reduce the official discount rate.

His remarks showed that a split in opinion about the central bank's monetary policy is developing among business leaders amid the current slowdown in the domestic economy.

For instance, Masaru Hayami, head of the Japan Association of Corporate Executives (Keizai Doyukai), said the same day that the key lending rate has some more room to go down, indicating his wish for further credit relaxation.

The central bank last cut the benchmark rate, which it charges on loans to commercial banks, by 0.75 percentage point to 3.75 percent on April 1.

Hiraiwa also projected the economy will not recover this year, since the ongoing reduction of inventories is so languid that it will not be completed until by the year at the earliest. [sentence as received]

BOJ Branch Head Pessimistic on Kansai Economy

OW0607102892 Tokyo KYODO in English 0937 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—The head of the Bank of Japan's (BOJ) Osaka branch on Monday expressed a pessimistic view of the economy in the Kansai area, saying there are few encouraging signs.

Tatsuya Tamura, general manager of the branch, told a press conference that current economic adjustments are likely to continue longer than previously anticipated.

Tamura is in Tokyo to attend the quarterly meeting of the BOJ's branch heads.

He said economic conditions in the Osaka area have deteriorated since the previous meeting of branch heads in early April. People were looking for signs of recovery at that time, but now an upturn is expected to come much later, he said.

Tamura said that business leaders in the Kansai region "are without any clear outlook for a recovery," and noted that both consumer spending and corporate capital expenditure—the two main engines of the economy—are slowing more rapidly.

The economy is also reacting to the "beyond measure" spending practices in the days of the "bubble economy," he said.

The Kansai economy is being especially hard hit by sluggish sales of home electric appliances, the mainstay sector in the area, Tamura said.

Capital stock adjustment, too, is expected to take longer than forecast. The high level of capital stock resulting from lavish expenditure over the last year will also put a lid on such spending in the coming months, he said.

The economy is still plagued by inflated inventories, with stockpiles particularly large in the material producing sector, he said.

Tamura added, however, that businesses are still predicting that inventories will be cut down to size during the October-December quarter.

Tumbling stock prices are also affecting corporate investment and causing concern, especially among small companies, about a possible credit squeeze, he said.

But for brighter signs, Tamura pointed to recovering housing investment and brisk consumption related to leisure and used cars.

The robust increase in public works spending is also expected to provide some support for the economy, he said.

'Top' MITI Official Comments on Lending Rates

OW0707133092 Tokyo KYODO in English 1054 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—A top Japanese trade official urged banks Tuesday to cut their lending rates, which he said remain relatively high compared with lower deposit and saving rates.

While interest rates for deposits and savings have fallen in proportion to a series of official discount rate cuts, bank lending rates have not fallen enough, the official of the Ministry of International Trade and Industry (MITI) said on condition of anonymity.

Referring to worsening business confidence amid dull economic activity, the official said there is no need for the central bank to further cut its base rate but said domestic demand must be boosted through active spending on public works projects.

Since July 1990 the Bank of Japan has cut its base rate four times from 6.0 percent to 3.75 percent.

Short-term money rates, especially overnight call rates, remain rather high, despite the lower official discount rate, the official said.

The official also said rescheduling the outstanding debts of the former Soviet Union would not affect the ministry's trade insurance policy for Russia.

Bank of Japan To Review Money Supply Index

OW0707133292 Tokyo KYODO in English 1220 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—The Bank of Japan will review the effectiveness of the benchmark money supply index as a major pointer in its policy making, widening its focus of attention to other categories of money supply, central bank sources said Tuesday.

The central bank will put more weight on the so-called broad liquidity and M1—cash and demand deposits—in assessing the real conditions of the money supply, the sources said.

It has long been using the M2—cash and time and demand deposits—plus Certificates of Deposit (CD) as the benchmark indicator for measuring the money supply growth.

But the index has lost some of its effectiveness in gauging the growth of money due to the emergence of wider variety of financial instruments and the distorting effects of the speculation excesses in the late 1980s.

The broad liquidity comprises money in postal savings accounts, principals of trusts, and interest-bearing financial debentures as well as the M2 plus CDs.

The growth in the M2 plus CD has slowed to a crawl recently due partly to a massive shift of money to such non-money denominated vehicles as postal savings and money market funds [MMF's].

The central bank argues that the historically slow money supply growth doesn't indicate a credit squeeze.

It will soon publish a thesis that stresses the importance of taking into account a wider scope of money supply indicators in making monetary policy, the sources said.

The M2 plus CD has been in the spotlight because it is believed to be the best leading indicator for business conditions and also because it can be controlled to some extent by monetary policy.

But the growth of M2 plus CD has been on a steady decline in the past two years—from a peak of 13.2 percent to the historic low of 1.6 percent—and has yet to show any signs of a major upturn despite the sharp fall in interest rates in the past year.

The slowing growth of money supply has been attributed to the massive shift of money to higher-rate postal savings and new financial instruments like MMFs, which are not covered by the bellwether index.

Also distorting the money supply picture is the fact that transactions of assets like stocks and land are no longer a good reflection of the real economy after the ballooning and bursting of speculation bubbles.

The M2 plus CD can be a good leading indicator for the economy only when the asset transactions and the real economy are moving in tandem, the central bank sources said.

Economists in the private sector point to some other structural changes in Japanese financial markets as reasons for sputtering money supply growth.

The money is shifting to postal savings mainly because banks are no longer so eager to increase their deposits in the face of tough international capital adequacy requirements, said Fuminori Takeuchi, a senior economist at long-term credit Bank of Japan.

"Interest rates are certainly higher now with postal savings than with bank deposits, but that has happened before," he said.

Takeuchi also pointed out that an increasing perception among people that Japanese banks are no longer immune to bankruptcy is also encouraging them to shift their money to postal savings, which are backed by the government.

"There are no factors at the moment causing money growth to accelerate sharply," he said.

Major Firms 'Need 20 Trillion Yen' To Diversify

OW0207141192 Tokyo KYODO in English 1133 GMT 2 Jul 92

[Text] Tokyo, July 2 KYODO—Japan's major companies will need 20 trillion yen in the next 10 years to diversify their business lines, a report by the Japan Development Bank (JDB) showed Thursday.

The report also said Japanese companies have been making steady efforts to widen the scope of their business operations in the past two decades.

In 1989, 46.2 percent of the 20,398 companies covered by the industrial census by the Ministry of International Trade and Industry (MITI) had sections engaging in business outside of their main business lines, while 25.8 percent had subsidiaries in other business fields.

An analysis by the JDB of the in-house diversification showed that the businesses that were off the main track grew faster than the mainstay businesses. In terms of shipments, the businesses out of the main field grew at an average annual rate of 26.7 percent during the 1970s, compared with 9.6 percent growth for the main-field businesses. In the latter half of 1980s, when the overall economy slowed down, sideline businesses grew at an average annual clip of 3.4 percent, still faster than the 2.1 percent tempo for the main line. During the five years since fiscal 1986, capital investments by manufacturing companies expanded at an average annual rate of 13.7 percent for the sideline fields, compared with 8.6 percent expansion for the main line businesses. In the manufacturing sector, fields like textiles, ceramics, nonferrous metals, and general machinery are highly diversified in terms of capital spending, according to the report. The principal incentive for diversification is sluggish growth of the mainstay business, the report said. JDB's Masato Kanauchi, who compiled the report, said the trend toward diversification will pick up speed in coming years as the Japanese industries mature and as growth in the goods-producing sector continues to lose steam. "The moves among Japanese firms toward entering the new business fields, as observed in the past 20 years, will continue into the last decade of the 20th century, probably at a faster pace," Kanauchi said.

Government Ponders Asian Patent Association

OW0707081392 Tokyo KYODO in English 0735 GMT 7 Jul 92

[Text] Tokyo, July 7 KYODO—Japan's patent office has started a study to set up a blanket Asian patent association which handles patent applications by any Asian nation, government officials said Tuesday.

The officials envision a large-scale computer network system which will enable any Asian country to apply for a patent or look through patent information from any other Asian nation.

At present, an Asian nation is required to apply to all other nations in the region for a patent or reading of relevant information, they said.

The office plans to set up a study group consisting of experts from academic and other circles, they said.

The office intends to seek appropriations needed for the project in the fiscal 1993 state budget, they said.

Currently, Japan, the United States, and 14 European nations exchange patent information and examine applied patents in accordance with the 1983 patent arrangements agreed among them, they said.

The Asian patent office plan is in line with emerging ideas to integrate patent administration for each region based on the arrangements, they said.

Despite rapid economic growth, Asian nations, with the exception of Japan and South Korea, are slow in improving patent processing systems, the officials said.

Also due to insufficient disclosure of patent information, it is difficult to certify intellectual property rights in the Asian region, they said.

The Japanese patent office is already in the process of putting all patent data into computers and is expected to complete the input of domestic data in a couple of years, they said.

Afterward, the office plans to begin computer input of patent data of other Asian nations, which would be done in a short time, they said.

The trouble is the difference in patent systems among Asian nations. A blanket patent application system would not be realized unless the difference is well coordinated, the officials said.

Some developing countries are cautious, claiming industrial property right is a developed nations' tool to dominate the world, they said.

Under the circumstances, Japan is required to play a key role in adjusting each Asian nation's interests, they said.

Toyota Motor To Push Cost-Reduction Campaign

OW0207101992 Tokyo KYODO in English 0935 GMT 2 Jul 92

[Text] Nagoya, July 2 KYODO—Toyota Motor Corp. disclosed plans Thursday for an intensive cost reduction campaign to deal with a sharp drop in earnings. The top Japanese automaker said it seeks a 15 percent year-on-year reduction in its monthly indirect expenses, including sales and office expenses, in the current business year ending next June 30. Toyota officials said the company intends to reduce its indirect expenses by 50 billion yen by cutting back on spending on expense-accounts and business travel as well as by overhauling its sales promotion strategies. The officials said the campaign is intended to prevent a further decline in operating profit in combination with efforts to cut production costs. Industry sources reported earlier Toyota's unconsolidated pretax profit for the financial year ended June 30 is expected to plunge 35.5 percent from the previous year to about 370 billion yen. This is Toyota's first cost reduction campaign since 1986, when it cut costs in response to a business slowdown caused by appreciation of the yen against the U.S. dollar on the foreign exchange market. Toyota's sales expenses and general and administrative expenses for the fiscal year ended June 30, 1991 increased 10 billion yen from the previous year to 697 billion yen, due mostly to rises in sales promotion and office expenses, the officials said. They said it would be difficult to reduce depreciation and labor costs because Toyota is stepping up capital spending on labor-saving equipment and is moving to cut working hours for all personnel.

Protesters Picket Plutonium for Monju Reactor

OW0607095392 Tokyo KYODO in English 0915 GMT 6 Jul 92

[Text] Mito, Ibaraki Pref., July 6 KYODO—Antinuclear protesters picketed Monday the first batch of plutonium from the Tokai reprocessing plant being sent as nuclear fuel to Japan's fast breeder reactor Monju in Tsuruga, Fukui prefecture.

Under tight security, a truck carrying plutonium from the Tokai plant, run by the Power Reactor and Nuclear Development Association, left shortly after 2 P.M. on an undisclosed route.

Antinuclear groups gathered outside the plant from early morning after successfully anticipating the timing of the dispatch. They have kept the plant under daily surveillance since June 24 following the Science and Technology Agency's announcement in April that it would make the operation secret to prevent any hijacking of the nuclear fuel.

It is the first of 10 batches of plutonium totaling 36 tons expected to be transported to Monju by March 1993 when the reactor is scheduled to go critical, or maintain a chain reaction. Tsuruga is about 330 kilometers west of Tokyo on the Japan sea coast.

The Tokai area on the Pacific coast 120 kilometers north of Tokyo is one of Japan's main centers for reprocessing nuclear fuel. Movements of nuclear fuel in and out of the area are almost a daily occurrence.

But the citizens' groups said they mounted the protest because it is the first movement of nuclear fuel to Monju which produces the highly radioactive plutonium capable of being diverted for use in nuclear weapons.

The Fukui prefectural government previously had a policy of announcing movements of nuclear fuel the day before such transfers, but refused to comment on Monday's dispatch.

Fast breeder reactors use reprocessed plutonium as fuel, but produce more plutonium than they consume.

Monju has a potential capacity to generate 280,000 kilowatts of electricity. It began trial operations in May 1991.

Kenji Matsumaru, 32, one of the protesters, said there is no justification for transporting plutonium fuel since the Monju reactor still has technical problems and the plan to reprocess the fuel is flawed.

The agency and the association both maintain that transportion of plutonium fuel is not dangerous and is in line with International Atomic Energy Agency (IAEA) regulations.

First Plutonium Convoy Reaches Monju Plant

OW0707010992 Tokyo KYODO in English 0053 GMT 07 Jul 92

[Text] Tsuruga, Fukui Pref., July 7 KYODO—The first batch of plutonium and enriched uranium arrived under heavy security at Japan's first fast-breeder reactor Monju here early Tuesday.

The batch arrived in a truck convoy at 4:45 A.M. after a 15-hour journey under close police guard from a nuclear fuel plant run by the Power Reactor and Nuclear Fuel Development Corp. in Tokai, Ibaraki Prefecture, on the Pacific coast 120 kilometers north of Tokyo.

A group of some 150 antinuclear activists gathered outside the Monju plant, about 330 kilometers west of Tokyo on the Sea of Japan coast, early Tuesday, before the convoy's arrival. They chanted slogans and held banners opposed to the shipment.

The four-truck convoy contained 24 fuel assemblies of mixed plutonium and enriched uranium weighing 4.3 tons, the first of a total 198 assemblies weighing 36 tons believed to be scheduled for delivery in 10 shipments by March 1993, when the plant is expected to reach criticality.

The convoy left Tokai shortly after 2 P.M., Monday, and traveled a 600-kilometer route via the Joban highway and the Tomei, Meishin, and Hokuriku expressways before turning off at the Tsuruga interchange.

Antinuclear groups in towns along the route maintained roadside vigils and demonstrated against the convoy and its plutonium cargo. The protesters seemed to know the timetable despite a Science and Technology Agency ban on officially divulging information on the timing and route.

The agency maintained that the information ban was in line with methods used in other countries and the recommendations of the International Atomic Energy Association.

Fast-breeder reactors use reprocessed plutonium as fuel, but produce more plutonium than they consume.

The activists demonstrated against the convoy to draw attention to the plutonium, a highly toxic fuel which can be used to make nuclear weapons.

The Monju reactor, which is still in its experimental stage, is part of a government plan to shift from reliance on light-water reactors, which use enriched uranium, to plutonium-powered fast-breeder reactors.

Firms With Retirement Ages Over 60 Increase

OW0607083892 Tokyo KYODO in English 0810 GMT 6 Jul 92

[Text] Tokyo, July 6 KYODO—The proportion of Japanese companies with a retirement age of 60 or older has risen to 76.6 percent, according to a government survey released Monday.

The Labor Ministry said the figure, from a survey on January 1 to which some 4,800 companies responded, was a rise of 5.8 percentage points from its previous survey a year earlier.

Including companies which plan to fix the retirement age at 60 or more in the future, the figure rose to 90.2 percent, compared with 85.7 percent in the previous survey.

The findings indicate a rise in the retirement age in tandem with the increase in the proportion of old people in Japan's population.

The survey also found that smaller companies lag behind major ones in introducing a retirement age of 60, with that age limit being adopted by 96.0 percent of companies with more than 5,000 employees.

For companies with 30 to 99 employees the figure stood at 72.9 percent, for those with 100 to 299 employees it was 83.9 percent, for those with 300 to 999 employees it was 83.2 percent, and for those with 1,000 to 4,999 employees it was 91.1 percent .

Among other findings, the survey showed that 86.3 percent of the companies responding plan to increase the number of full-time employees over the next three years.

Only 1.3 percent replied that they plan to reduce the number of such employees, while 11.4 percent said they will keep the number unchanged.

The situation is somewhat different in major companies, or those with more than 5,000 employees, with only 32.7 percent of such companies saying they plan to increase recruitment of full-time employees.

The survey put the percentage of major companies planning to reduce employment at 17.1 percent and those which plan to keep employment unchanged at 50.2 percent.

As for hiring of those other than new college graduates, job seekers aged 29 or below are in demand by 75.7 percent of companies which plan to hire new employees, while those aged 30 to 54 are sought by 66.8 percent, according to the survey.

Only 32.6 percent of such companies want to hire people aged 55 or older, it found.

Minister Asks Boycott Over TV Coverage of Bill

OW0207140692 Tokyo KYODO in English 1318 GMT 2 Jul 92

[Text] Tokyo, July 2 KYODO—A Japanese cabinet minister has called on ruling Liberal Democratic Party (LDP) supporters to boycott sponsors of the nation's top-rating news program because of what he described as unfavorable reporting on the controversial U.N. Peacekeeping Cooperation Law.

But top government spokesman Koichi Kato told reporters Thursday that the government does not intend to interfere with news coverage.

Health and Welfare Minister Tokuo Yamashita criticized Asahi National Broadcasting Co.'s popular newscaster Hiroshi Kume on Thursday for taking a critical stand on the controversial U.N. Peacekeeping Cooperation Law.

The law enacted June 15 allows Japanese ground forces to serve abroad on U.N. peacekeeping missions for the first time since World War II.

"It is necessary for the LDP to boycott products of sponsors who support that sort of newscaster," Yamashita told an audience of LDP supporters in a lecture delivered at a Hokkaido hotel.

Kume, the anchor of the nightly news station program, is known for expressing frank and sometimes controversial opinions.

It was not clear what comments Yamashita was referring to since Kume was on vacation for the three weeks surrounding the parliament's passage of the bill in mid-June.

Yamashita could not be immediately reached for comment.

Kato said he would like to ask the health and welfare minister to clarify his comments, but declined to say whether he regards Yamashita's remarks as inappropriate.

A spokesmen for Asahi television said that so far there is no indication that sponsors have been swayed by Yamashita's views.

"That was an absurd thing to say," a spokesman said.

"Our reporting is not slanted and we ignore our sponsor's views when we make the program."

Other cabinet ministers have also expressed dissatisfaction with news coverage of the bill.

Surveys have shown that public opinion is divided over the law, with slightly more respondents saying they are against the measure.

Firm Develops Thin 3.5-Inch Floppy Disk Drive

OW0307061492 Tokyo KYODO in English 0521 GMT 3 Jul 92

[Text] Tokyo, July 3 KYODO—Citizen Watch Co. said Friday it has developed what it claims to be the world's thinnest 3.5-inch floppy disk drive for use in portable computers and palmtop electronic organizers.

The device is ideal for use as an internal or external floppy disk drive in notebook computers and other lightweight computer products, company officials said.

Citizen researchers shrunk the size of the motor and recording head, and packed electronic parts more densely onto a printed circuit board to realize a 10.5 millimeter thick floppy disk drive, they said.

Floppy disk drives currently in use are 12.7-millimeters thick.

The new disk drive will be able to handle floppy disks of 1 megabyte, 1.6 megabytes, and 2 megabytes, the officials said.

Citizen also reduced the amount of voltage needed to operate the drive to 3.3 volts, compared with 5 volts for devices now used, they said.

The company will display the new device at an electronics show in Osaka in October, and sample shipments will begin in the first half of 1993. Prices have yet to be determined.

Mongolia

Election Committee Chairman Says Results Valid

OW0207113792 Beijing XINHUA in English 1056 GMT 02 Jul 92

[Text] Ulanbaatar, July 2 (XINHUA)—The Mongolian People's Revolutionary Party (MPRP) secured a overwhelming majority in the national election for the Great Hural (or parliament), taking 70 out of its 76 seats.

It was announced today by S. Lhagwas-ureng, chairman of the Election Committee. He told a press conference that the result was valid as the election was proceeded under the country's Election Law.

About 95.6 percent of the country's 1.085 million eligible voters cast their votes in the election held on June 28.

A total of 13 political parties participated in the election, the second since the 1990 election in which MPRP seized 80 percent or so of the seats in Great Hural and 62 percent in the Small Hural (the Standing Committee of the Great Hural).

Small State Hural Disbands Following Election

LD0707111192 Moscow ITAR-TASS World Service in Russian 0550 GMT 7 Jul 92

[Report by ITAR-TASS correspondent Dugar Sanzhiyev]

[Text] Ulaanbaatar, 7 Jul—The Small State Hural of Mongolia has ended its existence today. Its work, after an interruption of many years, was resumed in autumn 1990 following the first democratic election and terminated because of the election on 28 June of the Great State Hural, the country's new single-house multiparty permanently working body.

The Small Hural's final legislative act, passed the day before, was a bill on the Great State Hural, whose first session is to start on 20 July, according to the Mongolian president's decree, published today.

It was deemed inexpedient to continue a recently started discussion of a bill on Mongolia's Cabinet of Ministers, since this has now become the prerogative of the country's new supreme body of legislative authority.

The Small State Hural, which was in fact the lower house of the Mongolian two-house parliament, consisted of 53 members. In all, in less than two years, it passed over 60 acts of legislation, almost half of them new laws which have included fundamental bills on privatization and foreign investment.

According to local observers, the Small Hural has placed the foundation for the healthy functioning of the new Great State Hural, under the transitional conditions from the totalitarian to democracy, from the planned system of economy to market relations.

Mongolian President Urges Attention to Economy

OW0507175092 Beijing XINHUA in English 1611 GMT 5 Jul 92

[Text] Ulaanbaatar, July 5 (XINHUA)—Mongolian President Punsalmaagiyn Ochirbat today called on all political forces and the people to shift their attention from elections to national economy.

He said in a televised speech that the most important thing today is to solve the problem of food supplies and create a favorable investment climate for foreign investors.

He stressed that Mongolia will continue to develop friendly relations with all countries, particularly the neighboring countries.

He said Mongolia's democratic reform process, which started two years ago, is irreversible.

Mongolia will further deepen its political, economic and social reforms, he stated.

He said the newly elected 76-member Great Hural will hold its first session on July 20.

North Korea

Yang Hyong-sop Marks Joint Statement Anniversary

SK0707040892 Pyongyang Korean Central Broadcasting Network in Korean 1000 GMT 4 Jul 92

[Speech by Yang Hyong-sop, chairman of the DPRK Supreme People's Assembly Standing Committee and vice-chairman of the Committee for the Peaceful Reunification of the Fatherland, at a meeting on the 4 July Joint Statement on 4 July in Pyongyang—recorded]

[Text] Comrades, 20 years have passed since the publication of the historic 4 July Joint Statement, which vigorously inspired all fellow countrymen in the struggle for the independent and peaceful reunification.

The North-South Joint Statement was published in July 1972. This statement assumes as its basic content the three principles of national reunification—independence, peaceful reunification, and great national unity—and were personally elucidated by the great leader Comrade Kim Il-song. The publication of this statement was a historic event which clearly indicated the way for our people to reunify the fatherland independently and peacefully and which demonstrated our people's unanimous will for reunification to the entire world. [applause]

Today all the people across the country are vigorously accelerating socialist construction and the cause of national reunification in firm unity with the party and the leader. Under this impressive circumstance, we are significantly commemorating the 20th anniversary of the publication of the historic 4 July North- South Joint Statement.

The deep emotion that day stirred the entire nation with enthusiasm for reunification, and even today is stirring our people's ardent desire for reunification. It is vigorously inspiring our people in the struggle to expedite the reunification in the 1990's.

The publication of the 4 July Joint Statement, which assumes as its basic content the three principles of national reunification—independence, peaceful reunification, and great national unity—which serve as a common guiding compass in our nation's grand long march to national reunification, was entirely the brilliant fruition of the great leader Comrade Kim Il-song's outstanding leadership and tireless and sleepless efforts. [applause]

From the early time when the misfortune of national division descended on our country, the great leader Comrade Kim Il-song advanced the most just and reasonable policy for the independent and peaceful reunification of the fatherland and various reunification plans embodying this policy. He put his heart and soul into realizing them.

In particular, considering the demands of the rapidly changing situation at home and abroad, the great leader Comrade Kim Il-song on 6 August 1971 stated an epoch-making policy for a broad range of North-South negotiations. At that time, with outstanding leadership he opened a new chapter in North-South dialogue for the first time in a quarter of a century since the nation was divided. He made every effort to successfully advance this long-awaited North-South dialogue.

Thanks to the great leader's energetic leadership, the North-South joint statement, which assumed as its basic content the three principles of independence, peaceful reunification, and great national unity personally elucidated by him, was published to the world on 4 July 1972. [applause]

The great leader Comrade Kim Il-song has taught: Proceeding from the basic nature of the national reunification question, our party and the government of the Republic stated the three principles of independence, peaceful reunification, and great national unity.

The three principles of national reunification are the most just reunification program corresponding to the Korean people's independent demand and basic interests, as well as to the trend of the times and the aspirations of the world's people.

As taught by the great leader, the three principles of national reunification set down in the 4 July joint statement are the nation's common reunification program which indicates the best way to solve the national reunification question independently and peacefully in keeping with the nation's will and desire on the basis of the specific conditions of the country, where different ideologies and systems exist in the North and the South.

With the great leader Comrade Kim Il-song's definition of the three principles of national reunification, independence, peaceful reunification, and great national unity, all the Korean people have been able to take joint steps and act as one with an unswerving guiding compass in the course of the grand national march toward reunification.

When the 4 July joint statement was published, all the Korean compatriots in the North, the South, and overseas who ardently aspired to national reunification fully approved [chandong] it, and conscientious people of the world, who want peace and our country's reunification, ardently supported it. Thus, the three principles of national reunification of independence, peaceful reunification, and great national unity, which were elucidated by the great leader, have been officially recognized as a common program for our nation in the struggle for national reunification.

This is a brilliant victory of our party's independent and peaceful reunification line embodying the great chuche idea. [applause]

This is also victory of the line of national independence over the line of reliance on outside forces; victory of the peace line over the war line; victory of the line of great national unity over the line of confrontation; and victory of the reunification line over the line of division. [applause]

The three principles of national reunification of independence, peaceful reunification, and great national unity advanced by the great leader Comrade Kim Il-song have fully demonstrated their justness and vitality in our people's practical struggle for national reunification for the past 20 years.

In recent years, the spirit for independent and peaceful reunification has been remarkably enhanced within our nation through the struggle to achieve the three principles of national reunification. As a result, a great advance was made in the work to achieve national unity.

In particular, the Agreement on Reconciliation, Nonaggression, and Exchange and Cooperation Between the North and the South and the Joint Declaration on the Denuclearization of the Korean Peninsula were effected last February in Pyongyang, and the national reunification movement has recently been expanded and developed into a pan-national movement. This is a great achievement attained in the line of pan-national struggle to accomplish the three principles of national reunification. [applause]

This brilliant success won in the course of our people's long, arduous struggle for national reunification is the brilliant fruition of the unique national reunification program advanced by the great leader Comrade Kim Il-song by reflecting the immortal chuche idea in resolving the reunification question and of our party's wise leadership in the struggle to achieve this program. [applause]

In this significant place to commemorate the 20th anniversary of the publication of the historic 4 July Joint Statement, I extend greatest honor and warmest thanks, along with the sense of ardent loyalty of all Korean people, to Comrade Kim Il-song, the great leader of our party and people, who is always leading the cause of national reunification along the single road of victory, and to dear leader Comrade Kim Chong-il. [applause]

Comrades, the past 20 years since the publication of the 4 July Joint Statement have been a continuation of the fierce confrontation between the line of independence and the line of reliance on outside forces, between the peace line and war line, and between the reunification line and the line of division. At the same time, this period was a course in which the independence line, the peace line, and the line of reunification overwhelmed the line of reliance on outside forces, the war line, and the line of division through an arduous struggle.

Since the publication of the 4 July Joint Statement, our party and the government of our republic have made every possible effort to bring earlier the day of national reunification, the cherished desire of the nation, by putting the basic spirit and principles of the joint statement into practice.

At North-South political talks held after the publication of the joint statement, we proposed removing military confrontation and easing tension, realizing multilateral collaboration and exchanges, holding a broad range of political consultative meeting, and many other proposals for solving the questions of the nation's peace and reunification. We made patient efforts to achieve them.

In June 1973, when a grave situation was created in our country that would determine reunification or permanent division because of the South Korean rulers openly declaring the two-Koreas line under U.S. instigation, the great leader Comrade Kim Il-song elucidated the five-point national reunification policy to prevent the nation's permanent division and to accelerate its independent and peaceful reunification. Thus, he resolutely crushed the two Koreas plot of domestic and foreign splittists and gave our people new confidence and a bright hope for the nation's independent and peaceful reunification.

At the Sixth Congress of the Workers Party of Korea [WPK] in October 1980, the great leader Comrade Kim Il-song elucidated a plan for the founding of the democratic confederal republic of Koryo [DCRK] and a 10-point policy of the confederal state. This was an epoch-making event opening a bright prospect for resolving the nation's reunification question based on the three principles of national reunification. [applause]

The proposal for founding the DCRK is the most realistic reunification method which enables us to achieve the nation's reunification independently and peacefully with the entire nation's united strength by giving priority to the national interests.

Since this new national reunification proposal was made, our party and the government of the Republic have taken various practical steps to realize it and have vigorously carried out the struggle to remove obstacles blocking its implementation.

To resolve the issue on peace—the most urgent question awaiting solution in our country—we proposed in January 1984 that tripartite talks be held, in which the South Korean authorities would participate in talks between us and the United States, that a peace treaty be signed between us and the United States at the talks, and that a nonaggression declaration be adopted between us and South Korea.

We proposed multinational disarmament negotiations in July 1987, a comprehensive peace plan for relaxing tensions on the Korean peninsula in November 1988, and a plan for the denuclearization of the Korean peninsula in June 1991. We offered many other peace proposals in succession. Thus, we called on the United States and the South Korean authorities to respond to these proposals. Furthermore, we took steps with the initiative to resume the multichanneled North-South dialogue, which had been severed. In particular, in his historic policy speech at the first session of the Eighth Supreme People's Assembly [SPA] in December 1986, the great leader personally proposed North-South high-level political and military talks.

Thanks to the great leader's outstanding leadership and energetic guidance, preliminary contacts were held at Panmunjom between the North and the South for one year and seven months, and, after this, North-South high-level talks between delegations headed by premiers of both sides were held. Finally, the Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange Between the North and the South and the Joint Declaration on the Denuclearization of the Korean Peninsula were effectuated at the sixth North-South high-level talks held in Pyongyang last February. The three principles of national reunification of independence, peaceful reunification, and great national unity elucidated by the great leader Comrade Kim Il-song at an early date are thoroughly embodied in this agreement and joint denuclearization declaration adopted between the North and the South. In addition, the one-Korea line, the reunification line, the antiwar and antinuclear peace line and the anti-outside forces line for independence consistently maintained by our party in the struggle for national reunification are reflected in this agreement and declaration.

With the adoption and effectuation of the North-South agreement and joint denuclearization declaration, a foundation on which the longtime confrontation between the North and the South can be removed, reconciliation and trust can be promoted, and mutual cooperation and exchange can be realized. This has been provided in all domains, including political, military, economic, and cultural. Thus, a practical possibility for opening favorable phases for peace in the nation and for national reunification has been created.

The adoption of the North-South agreement, which embodied the three principles of national reunification of independence, peaceful reunification, and great national unity, and the joint denuclearization declaration gave great encouragement to all fellow countrymen in expediting the cause of national reunification.

The adoption of the historic North-South agreement, which is equivalent to the 4 July Joint Statement, and the joint declaration on denuclearization was fruition of the most reasonable and practical peace program and reunification lines put forward by the great leader to correctly reflect the entire fellow countrymen's ardent desire for reunification and the demand of the developing situation, as well as the fruition of the wise organizing and guiding of the struggle for its realization provided by the dear leader Comrade Kim Chong-il. [applause]

In direct opposition to the sincere effort we have made to implement the three principles of reunification—independence, peaceful reunification, and great national unity—following the publication of the 4 July joint statement, the successive rulers in South Korea, while trampling underfoot the basic spirit of the joint statement, have kept committing antinational criminal acts that oppose peace in the country and its peaceful reunification.

Even after agreeing on and declaring the 4 July joint statement before all the fellow countrymen and the world, the South Korean authorities have committed acts of betraying the principles and points agreed on in the joint statement, saying that these few pieces of paper cannot be allowed to determine our fate, nor should they. Even after agreeing on the principle of independence with us, they persistently argued that U.S. troops are not outside forces and even went so far as to say that the longer the U.S. troops stay, the better, earnestly begging for a prolonged occupation of South Korea by U.S. troops. Even after agreeing on the principles of peaceful reunification, the South Korean authorities have opposed steps designed to remove the state of military confrontation and ease tensions, arguing that it was too early to take such steps or that conditions for them have not been created. Even after agreeing on the principles of great national unity, they have stepped up the anticommunist confrontational commotion against us even further.

What is more, the South Korean authorities trampled underfoot the spirit and principles of the 4 July Joint Statement and enforced the policy of depending on outside forces, the anticommunist confrontational policy, and the splittist policy. Then, they even did not hesitate to make the two-Koreas line a policy in what is known as the special statement released on 23 June 1973.

The faith-breaching actions of the South Korean authorities who trample underfoot the basic spirit and principles of the 4 July joint statement were seriously committed even under the fascist dictatorship of the Fifth Republic.

The Fifth Republic's dictator, who usurped power in a sea of blood in Kwangju under his masters' active protection, while running amok to cast South Korea even further under the domination and subjugation of outside forces, openly laid bare his intention to perpetuate the national division and legalize it by making what is known as a proposal for national reconciliation and democratic reunification in January 1982.

After using as a stage of anticommunist confrontation various channels of North-South talks that came into being in the mid-1980's thanks to the efforts we had initiated, the Fifth Republic's ruling bunch aggravated the situation to the extreme by escalating each year the Team Spirit joint military exercise against us and by leaving no stone unturned in a bid to have the national division recognized as lawful in the international arena by realizing cross recognition and simultaneous admission [to the United Nations] in cahoots with outside forces.

This shows that the South Korean authorities are a group of national splittists who in reality are pursuing dependence on outside forces, confrontation, war, and division as their predecessor dictators did, although they pay lip service to dialogue and peaceful reunification. Their acts of betraying the basic spirit and principles of the 4 July Joint Statement have been committed even more persistently in the Sixth Republic, the Fifth Republic's successor.

The person who is currently holding power in South Korea who barely managed to come into power after announcing the deceptive 29 June declaration amid the fierce flames of the June popular resistance struggle, announced what is known as the 7 July declaration as if he were going to do something about improving North-South relations or about reunification. In fact, however, he has taken the road of division and not the road of reunification.

From the beginning, those holding power in the Sixth Republic have created and kept in place a constant security-oriented situation while intensifying fascist suppression in a bid to obliterate the reunification movement that had been rapidly gathering momentum among the youth, students, and people from all social strata. They have frantically promoted their northern policy, strengthened the confrontational maneuvers against us, and mocked the people by offereing a proposal for reunification called a Korean community.

The so-called proposal for reunification, a Korean community, was essentially a splittist proposal designed to legalize North-South relations as ones between the two Koreas and to realize reunification through the absorption by the liberal democratic system, as well as a proposal for reunifying the country by prevailing over communism.

This shows that those who are currently in power in South Korea do not hesitate to (?disavow) the principles of the common national reunification program, the 4 July joint statement, which they vowed before the people to fulfill, in order to realize their splittist policy, as their predecessor dictators have done.

The South Korean authorities' betrayal of the three principles for national reunification stated in the 4 July joint statement were graphically illustrated in the recent North-South high-level talks and in the course of meetings of the various subcommittees designed to discuss the implementation of the North-South agreement.

The three principles for national reunification are not only common national reunification programs to which our people should firmly adhere until such time as national reunification has been realized, but also a fundamental guarantee for successful North-South high-level talks now under way and for correctly implementing the documents of agreement adopted at the talks.

This is why the North and South have reaffirmed the three principles for national reunification before anything else at the high-level talks and have given their word that they will sincerely implement them.

This notwithstanding, after the adoption of the North-South agreement and the joint declaration on denuclearization, the South Korean authorities have extremely distorted the three principles for national reunification in the venues of talks designed to implement the agreement and declaration, while trying to justify their unjust assertions.

In distorting the principle of independence, the South Korean authorities are asserting that U.S. troops occupying South Korea are not an outside force blocking reunification, arguing that the withdrawal of U.S. troops is not a core issue or that U.S. troops are the deterrent to war.

It is international knowledge that the United States is chiefly responsible for our national division and that it is the main outside force that, after turning South Korea into a colony and military base of its own, has occupied it for nearly half a century, ever since our country was divided, and has stood in the way of national reunification.

Ignoring this stark reality and trying to justify the occupation of South Korea by U.S. troops is a graphic expression of an extreme case of depending on outside forces bereft of the spirit of independence. This dependence breaches faith and openly reverses the 4 July joint statement.

The South Korean authorities even went so far as to preposterously persist that the principle of independence means the recognition of the true identity and the representation of the other party to dialogue and that it means solving everything on the principle of the parties concerned.

Needless to say, the principle of independence is the principle that defined relations between our people, the masters chiefly responsible for the settlement of the reunification question, and outside forces that stand in the way of reunification.

Nonetheless, the South Korean authorities called for recognizing the North and South as actual entities [silche] and representative. This clearly stems from a thoroughly splittist objective to treat the two parts of the divided nations as relations between states. Also, their insistence on applying the principle of solving questions between the parties concerned cannot be construed as other than a graphic expression of the toadyist antireunification disposition to have the ROK [Hanguk] monopolize the reunification debate internally and reject the participation of the entire population, which is the main force behind reunification, from this movement, and also externally to help the United States, which should assume responsibility for the division of Korea but is avoiding fulfilling its duty as a signatory to the Korean Military Armistice Agreement.

The people currently in authority in South Korea are also violently distorting the principle of a peaceful reunification, one of the three principles for national reunification.

In order to realize the principle of a peaceful reunification, it is imperative to rid our country of the source of another war in our country and ensure lasting peace. To this end, it is imperative that the North and South commit themselves to nonaggression, discontinue the arms race in compliance with the realities that prompted them to announce the joint declaration on denuclearization, take the road of realizing disarmament at an early date, and take measures to withdraw all of the roads to war, including U.S. troops and nuclear weapons, from South Korea.

The South Korean authorities, however, are insisting on confidence building, arguing that the question of peace cannot be resolved without first building confidence between the parties concerned, and has placed disarmament on a back burner.

Building trust and disarming are one unified process. Without disarmament, building trust and guaranteeing peace are only empty talk. Disregarding this stern fact, the people in authority in South Korea have avoided disarmament, the basic obstacle to guaranteeing peace, and have gone so far as to desperately evade an overall inspection [chonmyon sachal] of U.S. nuclear weapons and nuclear bases in South Korea despite their agreement to the joint declaration of denuclearization of the Korean peninsula. This is tantamount to virtual and total refusal of the principles for peaceful reunification declared in the 4 July joint statement.

The South Korean authorities' breach of faith of the three principles of national reunification is even illustrated in their unwarranted stand of trying to revise the principle of great national unity. As everyone knows, the essence of great national unity is to achieve unity of all patriotic forces in the North and the South who want national reunification, transcending the differences in ideology and system.

However, the persons in authority in South Korea have distorted the ideal of great national unity by unjustly connecting the principle of great national unity—which has already been agreed upon and reaffirmed by the North and the South—with what they call the democracy and human rights issues. It is clear to everyone that for the persons in authority in South Korea to attempt to stealthily shift the principle of great national unity to the issues of democracy and human rights is aimed at diverting people's attention from their unpopular, fascist, repressive policy: their anticommunist policy of confrontation.

In order to truly achieve great national unity it is imperative to transcend differences in ideologies, systems, political views, and religions; to give priority to common national interests; and to serve everything in achieving national reunification and great national unity. This notwithstanding, while talking about great national unity the people in authority in South Korea have in actuality dealt with those with different ideologies and systems as enemies. Even now, when the North-South agreement has been effectuated, they are not only inspiring North-South confrontation, but also brutally supressing free reunification debates, dialogue, contacts, and visits between the people in the North, the South, and overseas in a bid to maintain the anticommunist law and system.

The people in authority in South Korea are not only distorting the basic spirit and content of the North-South agreement, which has embodied the three principles of national reunification elucidated in the 4 July joint statement, but are also deliberately creating obstacles to implementing the agreement by underestimating its practical significance. The North-South agreement is a dignified document which, reflecting the nation's desire to achieve independent and peaceful reunification with independent national strength, the responsible authorities of the North and the South have effectuated through their respective ratification procedures. It is also an oath sworn before the nation and the world.

Neither the North nor the South have the (?right) to violate the agreement or to evade its implementation. Nevertheless, the people in authority in South Korea are unscrupulously delaying the discussion of annex agreements at various ongoing subcommittee meetings of the North-South high-level talks. Despite their promise in the North-South agreement that the North and the South should achieve reconciliation and unity as one nation and thus should achieve national reunification, they are not only still opposed to abolishing the notorious National Security Law which regards us as the enemy, being swayed by the consciousness of confrontation of the Cold War era, but are also brutally suppressing the patriotic young students and people in South Korea who are calling for North-South reconciliation, unity, and reunification between the North and the South.

This means that although they signed the agreement that promised to achieve North-South reconciliation, they are not advancing toward reconciliation and unity with us for national reunification but attempting to maintain the state of confrontation that existed before the agreement.

In particular, while causing new trouble with the so-called nuclear issue, which does not matter at all, the people in authority in South Korea are not only aggravating North-South relations, but are also openly babbling that they will postpone implementation of the North-South agreement.

As for the so-called nuclear issue that the persons in authority in South Korea are talking about, it has been clearly verified by a recent inspection of the International Atomic Energy Agency [IAEA] that there is no danger whatsoever in our nuclear development. Nevertheless, the South Korean rulers have kicked off a new nuclear commotion in collusion with foreign forces, blocking the implementation of the North-South agreement and the joint declaration of denuclearization.

It has become a clear fact which no one can deny that the real nuclear threat on the Korean peninsula is coming not from us but from the United States, which has deployed numerous nuclear weapons in South Korea, and Japan, which is rapidly moving to arm itself with nuclear weapons. Disregarding this stern fact, the persons in authority in South Korea are continuously waging a nuclear commotion, blaming us who possess no nuclear weapons while failing to speak even a single word to the United States and Japan, which are realistically creating a nuclear threat. This only reveals that they have neither the intention to sincerely implement the North- South agreement nor the will to achieve denuclearization for the nation.

That the persons in authority in South Korea are continuously waging a nuclear commotion against us is not because they doubt us over the nuclear issue. It proceeds from the insidious political aim to justify the deceitful nature of their nuclear commotion, which has been completely revealed in the wake of the recent IAEA nuclear inspection, of applying brakes to the improving DPRK-U.S. relations and DPRK-Japanese relations, and of bringing under control the internal unrest in South Korea that is increasing with each passing day with the presidential election on the horizon.

The persons in authority in South Korea are not only waging a frantic nuclear commotion against us in collusion with the United States and Japan but are also deliberately aggravating the situation by violating the agreements of nonaggression promised in the North-South agreement and, thus, by increasing military provocations. This indiscreet commotion against our Republic is an open provocative act designed to block the implementation of the North- South agreement which all fellow countrymen unanimously desire, to bring the present work of exchanging elderly parent visiting groups and art troupes to a halt, and, thus, to shift responsibility for this onto us.

All facts show that the present South Korean rulers are following in the footsteps of the Yusin dictator [Pak Chon-hui] who trampled underfoot the basic spirit and agreements of the 4 July joint statement as soon as he signed the statement 20 years ago. This unwarranted stance and attitude of the persons in authority of South Korea who have attempted to block the North-South agreement from being implemented are caused by the behind-the-scene manipulation of the United States and by their servile act of following foreign forces.

Believing that the implementation of the North-South agreement and the joint declaration of denuclearization may create a situation under which U.S. forces will have to withdraw from South Korea, the United States is reluctant to implement the North-South agreement and is trying to block the agreement from being implemented.

A high-ranking U.S. Government official who visited Seoul last January said that under the circumstances in which the cold war has not ended in Northeast Asia, for South Korea to have impetuously concluded various agreements with the North was not a desirable attitude. He thus openly put pressure on the South Korean rulers not to implement the agreements. Since then, many other U.S. Government officials, whenever an opportunity presented itself, have put pressure on the South Korean authorities not to implement the North-South agreement and the joint declaration on denuclearization. This is a widely known fact.

That the persons in authority of South Korea are attempting to block the North-South agreement from being implemented with various unwarranted preconditions, despite having signed it, will only arouse all fellow countrymen's indignation.

Through this opportunity, on behalf of all the Korean people desiring the country's peace and peaceful reunification, I strongly denounce the U.S. imperialists and the South Korean splittists who are continuing to block the road of advancement to achieve our nation's independent and peaceful reunification. [applause]

Also, on behalf of all the people in the northern half of the Republic, I send enthusiastic support and encouragement to the South Korean youth, students, and patriotic people and fellow countrymen overseas who are boldly struggling to achieve the country's independent and peaceful reunification by sweeping aside all kinds of barriers. [applause]

Comrades: Today all the Korean people of the North, South, and overseas face the historical task of hastening the country's reunification by adhering to the three principles of the fatherland's reunification elucidated in the 4 July Joint Statement—the nation's joint reunification program—and by sincerely fulfilling the North-South agreement and the joint declaration on denuclearization, which reveal specific practical measures for the 4 July Joint Statement.

The great leader Comrade Kim Il-song has taught: Based on the three principles for the fatherland's reunification, the North and South must sincerely fulfill the North-South agreement in accordance with the nation's desire and expectation of the world's people so that the fatherland's reunification can be achieved as soon as possible.

The historic 4 July Joint Statement which was jointly agreed upon by the North and South; the Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange the between the North and South; and the Joint Declaration on the Denuclearization of the Korean Peninsula are milestones in the fatherland's reunification obtained in our people's arduous and long struggle for the independent and peaceful reunification. These are also precious gains achieved by our nation.

The North and South must treasure these precious gains, and by thoroughly fulfilling them a decisive phase in the fatherland's reunification must be opened. Most of all, it is important to solve all problems by thoroughly proceeding from an independent position.

It is time for our nation to pioneer its course by itself amid the complicated situation surrounding the Korean peninsula today. Under the condition of the North and South being divided, if either side depends on outside powers and allows interference by outside powers, then it will be inevitable to aggravate confrontation and cause perpetual division.

The South Korean authorities must discard their ideology of depending on outside powers, which is ruinous to the country; show sincerity in fulfilling the North-South agreement and the joint declaration on denuclearization in conformity with the nation's independent national force by thoroughly proceeding from a national and independent position; and must not oppose fellow countrymen by playing the role of a military spearhead for outside powers, but must move toward the road for reunification by holding hands with and uniting with the fellow countrymen who share the same blood line. Also, the North and South must thoroughly embody the principle for peaceful reunification to remove the tense situation created on the Korean peninsula and take practical measures to guarantee the country's peace.

A person in authority in South Korea should not try to postpone the cessation of the arms competition and disarmament indefinitely under the unreasonable excuse of achieving some kind of confidence building first and so on, but must show sincerity in taking practical measures to achieve this and must unconditionally stop military exercise and military provocations that aggravate the North-South confrontation.

The United States and the South Korean authorities must stop the conspiracy to resume the criminal Team Spirit joint military exercise, which is driving our country's situation to the brink of war. Also, the South Korean authorities must immediately stop the scheming nuclear commotion against us.

If the South Korean authorities are truly interested in resolving the denuclearization issue on the Korean peninsula, they must accept inspection of U.S. nuclear weapons and nuclear bases in South Korea, for which we have consistently called, and make a resolute decision to achieve denuclearization on the Korean peninsula.

Internationally, the cold war has come to an end, and in the changed situation where an agreement between the North and South has been adopted, there is no longer any justification for the U.S. troops and U.S. bases to remain in South Korea. The South Korean authorities must discard their anachronistic fantasy of trying to continue to maintain U.S. troops in South Korea and take measures to withdraw them and nuclear weapons from South Korea.

Adhering to the principle of great national unity is a fundamental condition for the fatherland's independent and peaceful reunification and is part of the basic spirit confirmed in the 4 July Joint Statement and the North-South agreement.

Because of the 4 July Joint Statement and the North-South agreement and the North's and South's promise to resolve the country's peace and reunification by reconciling and uniting with each other, the South Korean authorities must abolish the National Security Law, which regards the fellow countrymen as enemies, and the legal, systematic, and material barriers, including the anticommunist system; guarantee freedom of thought and free participation in discussions on reunification and reunification movements; and immediately release the imprisoned figures who visited the North and patriotic democratic figures.

The United States must discard its outdated policy on Korea in existence throughout the cold war era and move toward improving DPRK-U.S. relations [chomi kwangye]. Korea is owned by the Korean people, and the masters in resolving the Korean issue are ourselves, the Koreans.

Under the condition of the North and South agreeing to reconciliation and nonaggression and moving toward the road for peace and reunification, the United States must withdraw its forces from South Korea, put an end to interfering in our nation's internal affairs, and carry out favorable work to achieve our people's independent and peaceful reunification. If the United States takes the path of improving DPRK-U.S. relations by taking a sincere stance without imposing unjust preconditions on us, we, too, will make efforts to improve DPRK-U.S. relations without looking back on the past.

The entire nation's firm will is to reunify the divided fatherland in the 1990's through great national unity without fail. The work to sincerely fulfill the principles of the 4 July Joint Statement and the document of the North-South agreement so that it can lead to the fatherland's reunification is a nation-wide work which must be carried out not only by the authorities but also by the 70 million fellow countrymen.

As the main force to achieve the fatherland's reunification, the fellow countrymen of the North, South, and overseas must actively struggle to hasten the cause of the fatherland's reunification from the viewpoint and position of masters. Regardless of differences in ideas, systems, or religion, based on the love of the fatherland and spirit of national independence, the fellow countrymen from all social strata, including the South Korean youth and students, must achieve unity; further vigorously carry out the struggle to achieve independence, democracy, and reunification; and actively struggle to oppose splittists, who are trying to renege on fulfilling the document of the North-South agreement that embodies the fundamental spirit of the 4 July Joint Statement.

Fellow Koreans residing overseas must achieve national unity by yielding everything to the nation's joint cause for reunification and thus actively participate in the work to fulfill the North-South agreement so that they can actively contribute to promoting the reunification cause.

Our party and the republic's government will unchangeably adhere to the fundamental spirit and principles of the 4 July Joint Statement; sincerely fulfill the items agreed on in the North-South agreement; and, by further expanding and developing the movement for the fatherland's reunification into a nationwide movement, will fulfill the responsibility and duty before the nation to hasten reunification in the 1990's, which is our national desire.

Also through this opportunity we express the firm confidence that as in the past all the progressive people and peaceloving people of the world will continue to send active support and encouragement to smash the reactionary offensive of the imperialists and the challenge of the splittists at home and abroad to complete the country's independent and peaceful reunification cause in the Korean people's sacred and patriotic struggle. [applause]

Today the people of the northern half of the republic face the heavy and honorable task of further vigorously accelerating the socialist construction and hastening the fatherland's independent and peaceful reunification as soon as possible, which is the entire nation's consistent desire.

All the party members and workers must further firmly unite around the party and the leader; highly uphold the militant tasks given by the great leader Comrade Kim Il-song in his last New Year's address; and prompt new revolutionary upsurges in all fronts of socialist construction, so that socialism of our own style centered on the popular masses can be further elucidated and can actively contribute to hastening the fatherland's reunification cause.

Our people's revolutionary cause, which is to highly uphold the banner of the great chuche idea and to advance according to the wise leadership of the party and the leader, will be successful without fail. [applause]

Let us all highly uphold the great leader Comrade Kim Il-song and follow the dear leader Comrade Kim Chong-il's wise leadership to further vigorously fight for the fatherland's independent and peaceful reunification and the completion of the chuche cause. [applause]

South Korea

Government Makes Proposal on Separated Families

SK0707024192 Seoul YONHAP in English 0210 GMT 7 Jul 92

[Text] Seoul, July 7 (OANA-YONHAP)—The South Korean Government proposed Tuesday that aged members of separated families in South and North Korea be allowed to resettle with their spouses or relatives who would support them.

Families remained separated against their will because of the unfortunate past of South-North Korean relations, South Korean Prime Minister Chong Won-sik said in a message to his northern counterpart, Premier Yon Hyong-muk.

"We propose that we confirm whether family members are alive and arrange their reunions," Chong said.

"We further propose that members of separated families be allowed to cross over and live on the other side."

Chong's proposal commemorates President No Tae-u's July 4 declaration four years ago on improving inter-Korean relations.

There are some 10 million members of separated families on both sides of the border.

The first reunion, and the only one so far, was in December 1985, arranged by the Red Cross Societies of the two halves.

Seoul was willing to include Yi In-mo, a North Korean journalist who was until recently imprisoned here for refusing to renounce communism, in the resettlement, Chong said.

Reunions and resettlement should follow humanitarian and reciprocal principles and should proceed only after family members make the choice of their own free will, the prime minister said.

The two Koreas should as well endeavor for the repatriation of those people who are held in the other side against their will, Chong proposed.

The project should cover those who crossed to the North against their will during the Korean war, the 10 crew members and passengers aboard a South Korean airliner hijacked to the North in 1969, and the crew members of a South Korean naval vessel abducted to the North in 1970, he said.

South and North Korea should regularize visits to home towns and open meeting rooms at the truce village of Panmunjom.

The two sides must discuss selection and notification procedures and other related details for reunions and resettlements, and these issues should be negotiated by the inter-Korean exchanges and cooperation subcommittee or in separate contacts, Chong said.

"The most urgent task for the two sides is inarguably to alleviate the suffering borne by the people of South and North Korea," Chong said in a statement. "If North Korea agrees to the proposal, the two sides should revise related laws to allow resettlement of these people."

North Sought as Link in Trans-Siberian Pipeline

SK0507082092 Seoul YONHAP in English 0649 GMT 5 Jul 92

[Text] Seoul, July 5 (YONHAP)—A South Korean business tycoon said Sunday that North Korea has expressed a willingness to a plan to build a gas pipeline linking Russian Siberia and South Korea by passing through North Korea.

Kim U-chung, chairman of Daewoo Business Group, told reporters that North Korea has made a big shift from its earlier lukewarm position toward the trans-Siberian project and instead expressed a strong intention to participate in it, implying that the scheme might be proceeded with ease.

He returned home to Seoul from a visit to Russia in which he reportedly met Russian President Boris N. Yeltsin and other working-level officials for talks on economic cooperation involving the project between Korean and Russian companies.

Kim also reportedly met North Korean Vice Premier Kim Tal-hyon during his sojourn in Moscow and got a North Korean go-ahead for the project.

Noting that he had earlier explained to North Korean President Kim Il-song about revenues the North could pocket with the project and obtained an affirmative answer of instructing pertinent agencies for a further study, the chairman said North Korea has seemingly given an approval to it within the inner circle.

As soon as a feasibility study on the project is completed, Kim explained, South Korea and Russia may participate in it by making consortia.

The chairman, who is regarded as a foremost personality in opening business ties with North Korea, viewed that if the pipeline passing through North Korea comes true, other projects such as railroad and expressway projects may also be accomplished without difficulty, bringing in enormous developmental effects in the days ahead.

DPRK Efforts To Improve U.S. Ties Examined

SK0707093392 Seoul SEOUL SINMUN in Korean 6 Jul 92 p 2

[Editorial: "North Korea's Noteworthy Attitude Toward the United States"]

[Text] We think it noteworthy that North Korea has shown signs that it has been, intentionally or not, undergoing significant foreign policy changes. We are under the impression that North Korea has been making every effort to reconcile with and get close to the United States. North Korea has been pitifully trying to woo the United States. President Kim Il-song himself has taken the lead in this unprecedented effort, and we must question what North Korea intends to pursue in this effort.

North Korea's first conciliatory gesture toward the United States, which was brought to the world's attention, was last April's interview Kim Il-song gave to THE WASHINGTON TIMES on the occasion of his 80th birthday. In an unusual move, he called on the United States to open an embassy in Pyongyang at the earliest possible date. When it subjected itself to the nuclear inspection, it appears North Korea believed this would help achieve a breakthrough in its relations with the United States. However, no progress has been made because of a hurdle called North-South mutual inspection. North Korea is now desperately launching diplomatic offensives to break the deadlock in relations between North Korea and the United States.

North Korea has held large anti-U.S. propaganda rallies on 25 June every year; 200,000 people attended last year's rallies. However, under Kim Il-song's instruction, North Korea did not hold those rallies this year. NODONG SINMUN used to carry an anti-U.S. and militant editorial on 25 June every year. However, this year's editorial calls for improving relations with the United States and calls on the United States to change its policy toward North Korea. At an academic seminar in Hawaii, North Korea's Yi Sam-no said that the presence of the U.S. forces in the ROK would be allowed after reunification and that the international treaties which North and South Korea signed would be honored. In so doing, North Korea was trying to read the mind of the United States. However, Yi Sam-no corrected his remarks later. It has been reported that when a North Korean movie screened for the foreign participants in the international conference on developing the Tumen River was found to contain some anti-U.S. episodes, a high-ranking North Korean official openly reprimanded working-level officials on the spot.

William Taylor, deputy director of the Center for Strategic and International Studies of the United States, said that Kim Il-song had expressed his fervent will to improve relations with the United States. He also said that Kim Il-song had stressed that the "past is past. The future will be different." Taylor said that Kim Il-song emphatically and consistently expressed his hope to improve relations with the United States and Japan. He went on to say that Kim Il-song had stated that he would take a "very positive measure" in a few weeks regarding the nuclear issue, which is the biggest obstacle to improving North Korea's relations with the United States and Japan.

North Korea has been facing difficulties because China and Russia suspended or reduced their aid and because North Korea has had to pay for imports in hard currency. Therefore, what North Korea needs most is the dollar. North Korea has been hurriedly trying to improve relations with Japan, because Japan is the only country that can give the dollar to North Korea. However, it is clear that North Korea has belatedly realized that it cannot improve relations with Japan as long as the United States opposes it.

North Korea's deepening isolation is considered to be another reason for its desperate diplomatic offensives. Russian President Yeltsin will soon visit the ROK, and the ROK and Russia will sign a treaty of amity and good-neighbor relations. China is now North Korea's one and only guardian and ally. However, it will be difficult for North Korea to permanently keep China from establishing diplomatic relations with the ROK. The EC asked North Korea to remove doubts about its nuclear program, and the U.S. and Russian presidents did too, when they met. This time, the U.S. and Japanese leaders did the same thing during their meeting. This may suffocate North Korea to death.

We can say that whether North Korea will be able to find an exit out of these difficulties depends on whether it will be able to improve relations with the United States. We look forward to the very positive measure Kim Il-song reportedly said would be taken in a few weeks. We hope that this measure will help remove all obstacles. We also hope that, as a result, North Korea's relations with the United States and Japan will improve and that the road will open toward achieving peaceful, democratic reunification through North-South reconciliation and coexistence and co-prosperity. We believe all other people in the world hope so too.

Paper Reviews North Korean Trade Situation

SK0607131992 Seoul HANGYORE SINMUN in Korean 2 Jul 92 p 5

[By reporter Kang Tae-ho]

[Text] North Korea's external trade is seeing a turning point. Barter trade based on an existing long-term trade agreement is being replaced by the hard currency settlement system based on international prices. Because of the chaos in the former Soviet Union, North Korea's trade has been decreasing for three years. As a result, North Korea should comprehensively reconsider its trade policy.

According to the "Report on North Korea's Trade in 1991" issued on 26 June by the Japanese Trade Promotion Association [JTPA] which has examined and North Korea's trade and announced the amount of it every year, North Korea's external trade in 1990 decreased by 12.6 percent compared with the previous year.

According to the "Prospect for North Korea's Economy and Trade" issued in 1991 by the JTPA, because of the rise in the international balance of payments, North Korea registered deficits in its external trade from 1984 to 1988. However, its external trade increased an average of 2.02 percent a year. Because of the changes in East Europe in 1989, North Korea's external trade decreased by 8.6 percent in 1989 for the first time. In 1990 its external trade decreased by 4.1 percent.

North Korea's trade with the former Soviet Union, which was North Korea's largest trade partner, abruptly decreased. This is the main reason for the decrease in North Korea's external trade for three years. According to the JTPA's report, in 1991 the amount of external trade between North Korea and the former Soviet Union decreased by 68.1 percent compared with previous figures.

Approximately half of North Korea's external trade was with the former Soviet Union. However, despite the enormous decrease in trade with the former Soviet Union, the decrease in North Korea's total trade was comparatively small because North Korea's trade with China increased by 29.3 percent over the previous year.

Accordingly, China is now North Korea's largest trade partner, exceeding the former Soviet Union. In addition, Japan is important as North Korea's second largest trade partner.

However, it is difficult to say that China fills the void in trade that was created by the abrupt collapse of the former Soviet Union. The picture is a little clearer when we examine the status of imports and exports between North Korea and China, which is mentioned in the JTPA's report. North Korea's imports from China increased 46.5 percent compared to the previous figures. As a result, the amount of trade between North Korea and China increased. According to the JTPA's report, however, North Korea's exports to China have been decreasing for five years. This does not create a new problem in North Korea's international balance of payments because North Korea had registered deficits in trade with the former Soviet Union,

The reason North Korea's imports from China have increased is due primarily to the increase in its crude oil imports. The amount of crude oil imported from China was 1,000,006 tons in 1990 and 1,000,010 tons in 1991. Thus, there is no big difference in the amount of crude oil imported from China. However, the price of imported crude oil rose from $50 to $126 a ton.

According to a report on "the Soviet Union's economic and technical aid to North Korea," which Russian authorities released in early June this year, the former Soviet Union supplied North Korea with 475,000 tons of crude oil, while the amount shipped to North Korea during the first seven months in 1991 was only 40,000 tons.

This shows, in short, that North Korea's trade with China cannot alleviate the shock from the loss of its trade relations with the former Soviet Union.

In fact, North Korea has reportedly been making up for the shortage of oil by importing from Iran since Russia suspended its oil supply to North Korea.

Moreover, it is expected that North Korea will have difficulties in its trade with China, too, because in January it concluded a trade pact with China on payment of trade with hard currency, as it did with the former Soviet Union last year.

Of course, North Korea's economic dependence on trade with foreign countries is very low. According to an analysis by the National Unification Board, while trade accounts for 56.7 percent of the gross national product in South Korea, North Korean trade accounts for only about 20 percent, less than half of that in South Korea. This is because North Korea has adhered to the economic policy of national independence represented by the principle of self-reliance. Therefore, trade has relatively less influence on the North Korean economy at large.

It seems, however, that from the mid-1980's North Korea has recognized a crisis: that the self-reliance principle is of little help in overcoming the impasse of its economic growth and that it is impossible to reduce the economic gap between North and South Korea unless it promotes development of production by using advantages of international division of labor. This analysis is backed by the rapid increase of its trade in the late 1980's.

However, North Korea had been changing its policy toward intensifying economic cooperation with Western countries by legislating the law on joint ventures when the Soviet Union collapsed. This resulted in North Korea's shrinkage in its volume of foreign trade. This apparently compelled North Korea to adopt a policy whereby it declared the Najin-Sonbong area a free economic trade zone in order to invite 100 percent foreign-invested enterprises to develop the area as a zone for processing export goods.

According to a report on the trend of North Korean foreign trade published last April by the Korean Trade Promotion Corporation, North Korea is trying to intensify economic cooperation with Southeast Asia countries, such as Thailand and Indonesia, using Hong Kong as a main source of imports and Singapore as the main source of procuring materials.

As for North Korea's maritime business, North Korea has at present only 2 percent of the market share in transporting goods for trade. To significantly improve the situation in this area and to meet the increasing diversity in trading partners, North Korea is reported to be planning to increase its investment in modernizing ports and harbor facilities.

Chong Chu-yong Outlines Plans for Presidency

SK0407040492 Seoul SINDONG-A Jun 92 pp 156-63

[Article by Chong Chu-yong, chairman of the United People's Party: "I Will Dismantle the Chaebols After One Year as President"]

[Text] I gave up my business and entered politics because I decided we must try at least once to establish economic justice through clean politics.

Clean politics is what I mean when I talk about heading in a different direction from the politics of today. Politics, I believe, must be open and aboveboard, a completely different form of politics from what the ruling Democratic Liberal Party practices. People do not know in which direction politics is headed. Thus we must clearly set the direction of politics so that the people can understand where we are headed. To do this, politics must truly be open and aboveboard.

In order to have open and aboveboard politics, it goes without saying that political leaders as a group and the core members of the leadership must first have lofty ideals. If these lofty ideals become reality through clean methods, I am convinced that clean politics will naturally follow.

People are saying that our politics are being destroyed by regional sentiment. This is true. I believe that previous leaders artificially created this regionalism, especially considering that our country is so small. Moreover, we are in an era where communications and transportation are so developed. There will therefore be no regionalism within our United People's Party [UPP], and we will work to eliminate regionalism altogether. Why does such regionalism exist? First, government officials have been selected disproportionately from a given area. Second, regional development has not been carried out fairly and evenly, but instead has emphasized the home regions of those in charge. Since we can readily identify the causes of regional sentiment, solving this problem will not be difficult.

In this small, small country of the Republic of Korea, within such a small territory, there is absolutely no need for such a mind set. For the nation to succeed, personnel of exceptional ability must be selected from across the nation. With all regions part of this country's land, one cannot afford to look at their own country with tunnel vision and see only that region from which one came. As soon as the UNP comes into power, we will quickly break through regionalism and establish a dynamism in all regions that can gain the consensus of the citizens throughout the nation.

The Regime Must Be Changed for the Economy To Be Revitalized

Since the Sixth Republic took power, our economy has been extremely stagnant. It continues to have no direction. Thus all enterprises—small and medium-sized companies as well as large conglomerates—have no direction whatsoever in their investment. One cannot revitalize our economy through ministers, cabinet members, or policy formulators alone. It is impossible to fix the root of this problem simply by changing a segment of the party in power. Thus, we need to completely change our regime in order to get a hold on our economy. Those who rise to power in the new regime must break away completely from the fixed ideas of the past. This must be done in order to make our economy internationally competitive.

The problem cannot be solved through only domestic efforts, either. We must fix the very foundation of our economy so that it is competitive in the world economy as a whole. To do so, we must closely examine how other countries create an environment in which their own enterprises gain international competitiveness.

First, the government must set interest rates so that companies bear no extra burden in competing with companies of other nations. Because of this need, the United States, Japan, and Taiwan are in competition with each other to enhance the competitiveness of their own country's companies by lowering interest rates.

The interest rate in Japan is 6 percent. In the United States it is 6.5 percent, and in Taiwan it is now 7.8 percent. Currently, the nominal interest rate in Korea is 18 to 19 percent. In reality, the average rate companies are charged is an extremely usurious 20 to 25 percent. How can a country like this have international competitiveness? This problem must be solved at its roots. The only way to do this is to change the party in power.

Interest Rates Must Be Lowered and Banks Must Be Reformed

One other important area in economic policy is the need to renovate completely all of our concepts of banking. The banks in our country are currently the private coffers of the ruling party. Moreover, the method by which banks are operated have made them total pawn shops. Large amounts of financing are expended in order to provide political funds for the party in power. Even small and medium-sized companies must give contributions and pocket money to everyone from the bank's branch manager up to the president in order to get a loan. One must take out a mortgage in order to even go to the bank.

Throughout the world today, banks act as a means of developing credit throughout the economic society. Thus, when people go to the bank, they are not asked what type of collateral they have. The bank merely conducts a credit investigation to determine whether the applicant has credit. In the past, Hyundai has spent 500 million, 1 billion, even 2 billion dollars on credit alone overseas during large construction projects. Yet those people never asked for collateral. They have never even demanded a guarantee of payment from any domestic bank either.

Banks within our country also must start by conducting credit investigations when people engaged in business present a project plan in order to borrow money. A credit investigation entails determining whether a person is diligent, sincere, and the person's credit rating. Then money can be given to that person. If this is done, eventually all businesses and people will work to raise their own credit in order to use bank currency. As one's credit rises, more money can be obtained, and thus one's business grows. In this manner, banks serve as the locomotive in creating a credit society. This is what is happening in all of the developed countries today. I am firmly convinced that if this happens in our country, our economy will become quite active.

Some government officials now state that if interest rates are lowered, prices will rise. However, this is simply an inflexible way of thinking.

In the past, the government regulated all prices. During the Third Republic, for example, Prime Minister Chang Ki-yong would telephone even the cow and pig stables and dictate prices, telling them whether or not to raise or lower them. Even with all this effort, prices rose 20 percent annually. During the Chon Tu-hwan administration, Senior Secretary for Economic Affairs Kim Chae-ik advised the president that the government should not mess with prices by any means. Leave it to the principles of market competition, leave it to the civilian sector, leave it to the manufacturers, he advised. He stated that prices would stablize if left to the principles of market competition. Prices were set free. The first month, prices soared several-fold as soon as they were freed. The media clamored that the government had deregulated prices without any countermeasures, and thus prices were skyrocketing as though they were a horse freed from its bridle. In spite of this, Senior Secretary Kim Chae-ik pressed on with conviction, and in one or two months prices stabilized. The principles of market competition proved true. However, we have once again become anxious about the present situation. The major reason for the recent surge in prices is interest rates are becoming a burden to manufactured goods' prices. Thus I feel that if interest rates are lowered to the 7 to 8 percent level, then there would be no problem in stabilizing prices beneath 5 percent growth.

Chaebols Must Be Dissolved

The way to set our economy on a proper course is to invigorate medium- and small-sized companies and make them the backbone of our economy. However, it is absolutely imperative that management and labor fuse together as one. We must therefore work toward finding harmony between management and labor together with medium- and small-sized entrepreneurs.

For the sake of the vitality of our medium- and small-sized companies, it is my belief that the chaebols cannot be allowed to exist. They must be dissolved.

In the process of dismantling the chaebols, the government must cooperate as well by allowing credit management centered around each chaebol to be assumed by each subordinate company. To do so, there must be at least a one-year grace period. If there is, then the mutual collateral that is currently tied up by different affiliates of the chaebols can be eliminated, making it possible to dissolve the chaebols.

Once the chaebols have been dismantled, then each company can develop as an independent corporation that must specialize. Then each company can specialize in their own area of business.

The reason we, the UPP, emphasize economics the most above all other policies is so that the state's economic power can become the driving force for all of our nation's resources.

After the economy, our next greatest priority beyond a doubt is education. Thus, education will be the very first thing funds are allocated to when formulating the budget, after which other areas will receive their allocation. In our country, the development of skilled human resources is of extreme importance. The economic success Korea has enjoyed thus far has been due entirely to our education. I firmly believe that education supports the economy, aids national defense, and improves the quality of life.

The first target of the new politics which the UPP is pursuing lies in realizing economic justice. A new politics must emerge for the sake of economic development. Currently, bank deposits are made in pseudonym. This shows that the majority of this money is corrupt, dirty money. By instituting a real name deposit system without fail, the UPP will work to eradicate the underground economy.

Real estate speculation pilfers even the interests of future generations. Although we must recognize the private ownership of land, we must also devise a law implementing the concept of public ownwership of land.

If we develop medium- and small-sized companies, eliminate illegality and corruption, and institute the system of recognizing the public ownership of land, the people's will to work will naturally develop on its own. Until now, the people's will to work has disappeared, since they believe that no matter how hard they work, their fair share will be pilfered by someone else. The most important factor in determining if one generation is to develop or not is the people's diligence and their motivation. Politics must create an environment in which the people will have a will and drive. After that, the government must manage the tax system so that the hard-working people do not lose their motivation to work, managing the system so that those with a lot of income pay more taxes, and the income from those taxes is used to help the extremely impoverished and handicapped. A society in which everyone lives equally well may be constructed, and economic balance may be maintained.

Unification Policy Must Not Be for Statesman To Grandstand

Our government ostensibly has stated, until now, that it has been working hard towards unification. However, I do not believe that unification is some formality without substance. I believe it is a necessity in order to build a nation in which the citizens of the Republic of Korea—the people of the Republic of Korea—can play a pivotal role in Asia. In fact, if North and South Korea unite and become one, judging from the peninsula's territory, the population of 70 million, or the wisdom and sagacity of our cultured people in the past, we can easily play a pivotal role in Northeast Asia.

It is important that something as sacred as unification, the cherished desire of our people, not be viewed as an issue with which the leaders of this country put on airs and flaunt their leadership. Unification issues must be given proper attention, researched and implemented while taking into consideration the Korean people. The lack of any notable progress until now, however, is due to the fact that unification has been dealt with as an issue simply to enhance the prestige of the nation's rulers.

At this point in time, we must firmly establish our economic power and then head on the road to unification at a pan-national level. Although efforts must be made in government-to-government contacts, confidence between the two countries can be established if the trustworthy businessmen of South Korea step forth and try to truly help North Korea. Confidence must be established. The road to peaceful unification can be opened only after confidence has been established. We certainly cannot afford to continue arguing back and forth uselessly as we are doing now. Confidence building based on economic power can be accomplished only by mobilizing the entire populace. The government working unilaterally is too far off the mark.

The Oppression of Hyundai is an Oppression of the People's Economy

Although I am repeating myself, I would never have stepped into the political arena if the government of the Democratic Liberal Party [DLP] had its act together in all fields of politics and economics.

I am a person who would be perfectly contented with immersing myself in and gaining a sense of purpose from a life of economics. If I had even thought that the Democratic Party [DP] was not viewed by the populace as a regional party, and if the DP was a party that could stand up to the ruling regime by conducting proper and clean politics, I would have never launched the UNP and stepped into politics. The people see the future of the DLP government as dim, as they do the DP as well. Because of this, I formed the UNP and am now preparing earnestly for the presidential election.

The government is now quarreling over whether or not the UPP is using Hyundai money or not. Prior to the end of last year—that is, prior to the launching of the UPP—I put together all the money I would need for politics out of my own personal assets. After that, I have never taken Hyundai money. Neither my brothers nor my children have pitched in one penny. I have a ton of money myself: why would I need anyone else's?

I have severed all connections with Hyundai and waivered the rights to my stocks which has been notarized. I do not even have the time to participate in the management of Hyundai. I have severed all links with Hyundai. It is really worrisome that the DLP continues to insist that I have not severed my links when I have, and that they continue to act like they do in order to degrade us. When pressure is placed on Hyundai, the stock prices on the stock exchange drop, and when it appears as though the pressure has been relieved, the prices rise again. This proves that putting pressure on Hyundai puts pressure on the entire economy. The DLP government must compete with the UPP head based on its own inherent politics. I can clearly state that the DLP government is needlessly fantasizing if they believe that something will happen to us if they continue to pressure Hyundai.

I Will Save the Country as an Economic Statesman

Because the DLP government is so corrupt, and because the DP is similarly corrupt, the UPP must step forward to set this country on the proper path. It is very easy for a country to do well. I believe that the future leader of this country must be a capable person who knows economics well, has no need to be corrupt, and who can instill the people with vigor. In other words, he must be a statesman.

My present confidence derives from my experiences at all strata of economic society. I understand the anguish of the workers, having been a worker myself. After having grown to become the leader of a major corporation, I served 10 years as chairman of the Korean Businessmen's Association, where I knew the ins and outs of our nation's economic development. Because of these experiences, I know what it is like in our nation's difficult working class, the medium- and small-sized company class, and even among the large conglomerates. I know both the good and the bad; therefore, I believe that our economy and society in all sectors can become quite invigorated and can be put back on the proper path merely by stemming the improper irregularities that exist in this country.

If the DLP retains power for another five years, this nation's economy will fall into a complete crisis. I plan on taking all the experience I have amassed as an economic statesman and dedicate it toward saving this country.

As of the end of last year, the DLP during their four years in power had amassed a debt of 40 billion dollars. By the end of this year, the foreign debt will be 50 billion dollars. These people are mobilizing all of their resources and trying to stay in power for another five years. If the DLP stays another five years, the people of this country must throw away their dreams of ever becoming a developed nation. The UNP will work toward certain victory in the year-end presidential election to once again revive the dreams of our people.

Like President Salinas of Mexico

When either managing a corporation or operating a political party, whether or not one person's opinions incorporate those of others is very important. When one looks at the biography of Napoleon, it appears as though he is an absolute dictator since most of his opinions came to fruition. But examining more closely, we see that whether Napoleon was eating, defecating in the bathroom, or contemplating the meaning of life, Napoleon always thought about the negative side effects and how best to prevent them whenever he was trying to solve a problem before he arrived at a conclusion. It was in this way that his opinions were formed.

I believe that in all meetings, when it comes to selecting and arriving at opinions, the opinions of those who think the most are selected most. Of course, one can perceive this at times as being self-righteous or opinionated. In the case of the UPP, however, I do not raise a finger most of the time to other party leaders during party leadership meetings. That is because these people give more thought to their area of specialty than I could.

It also appears as though some people think that I am too old to be president. Other people may miss a day or an hour of work because of their health. I can confidently state that I am not one of those people.

Having come out and declared my entry into the political world, my only motive is to pursue politics which can prevent the frustration and ruin of this country and in which the people can pass each and every day with happiness and a sense of purpose.

Of course, I am also resolved to accepting some anguish and ordeals on the account of the various persecution, conspiracies, and backstabbing that will occur.

Mexico was a country that appeared to have no promise. With the emergence of one man knowledgeable in economics, President Salinas, that country has transformed into a new country, growing each day. I ask that all of you remember this fact and act accordingly.

Brunei, Malaysia & Singapore

Brunei

Singapore's President Arrives for 3-day Visit

BK0607153092 Singapore Singapore Broadcasting Corporation in English 1100 GMT 6 Jul 92

[Text] President Wee Kim Wee is in Brunei for a three-day state visit at the invitation of Sultan Hassanal Bolkiah. The president was received on arrival by Brunei Foreign Minister Prince Mohamed Bolkiah, his wife Pengiran Isteri Anak Mohamed Alam, and senior officials. The delegation was then given a full ceremonial welcome at the Istana [Palace] Nurul Iman by Sultan Bolkiah, Raja Isteri Pengiran Anak Saleha, and Pengiran Isteri Iman.

President Wee also inspected the guards of honor at the Istana. The president and Mrs. Wee will have a joint audience with Sultan Bolkiah. The sultan will host a state banquet in honor of the president and Mrs. Wee in the evening.

President is accompanied by the foreign minister, Mr. Wong Kan Seng, the minister of state for national development, Mr. Lim Heng Kiang and senior government officials. The president's visit is the first by a Singapore head of state since the republic's independence in 1965.

Hails Shared Commitment to ASEAN

BK0607153692 Singapore Singapore Broadcasting Corporation in English 1400 GMT 6 Jul 92

[Text] President Wee Kim Wee has said Singapore shares Brunei's strong commitment to peace, stability, and prosperity through regional (?cooperation), especially through ASEAN. It also wants to work with Brunei and its other ASEAN partners to build a stronger ASEAN that will bring security and prosperity for all. President Wee, who is in Brunei on a three-day state visit, was speaking at a state banquet hosted by Sultan Hassanal Bolkiah at the Istana Nurul Iman [Nurul Iman Palace] this evening.

President Wee said Singapore and Brunei have enjoyed a comfortable relationship based on trust, respect, equality. The ties are broadened and deepened with the time, and today [words indistinct] a close personal friendship at all levels and involve all agencies in both countries. But he stressed that relations between nations could not be based only on personal affinity. They should be institutionalized as well on the basis of common interest. The president's visit is the first by a Singapore head of state since the republic's independence in 1965.

Malaysia

Government To Strengthen Copyright Law Enforcement

BK0607154192 Kuala Lumpur NEW STRAITS TIMES in English 1 Jul 92 p 14

[By Sufi Yusoff]

[Text] Kuala Lumpur, Tues.—The Government is reviewing the Copyright Act 1987 to give it more powers to act against the infringement of intellectual property, Domestic Trade and Consumer Affairs Minister Datuk Abu Hassan Omar said today. He said the amendment is aimed at making the Act more compatible with international practice and to cope with the industry's present development.

"We are looking into imposing stricter penalties for infringement of copyright and upgrading the Ministry's Intellectual Property Rights Division to handle such matters," he told reporters after receiving a recognition award for Vigilance Against Software Theft from the Business Software Alliance (BSA).

The award from the Washington-based International Alliance of Software Companies is the first of its kind to be awarded to a Government and was given in recognition of the Ministry's efforts in combating software piracy in Malaysia. He said technological advancement had made intellectual property piracy a sophisticated business and that intellectual piracy was rampant in Malaysia. However, he added, the Ministry is generally satisfied with its enforcement and would be more vigilant in its effort to combat the problem.

Abu Hassan said under the amendments, the Copyright Tribunal would also be reviewed and given more powers.

"Currently, the tribunal only handles translation of literary works. However, the Ministry plans to expand its powers to handle various industries which concern intellectual property like music and video. The tribunal will also be responsible for determining royalty rates," he said.

He added the Ministry's technical committee on amendments to the Copyright Act and functions of the tribunal, set up last February, and headed by the Ministry's assistant secretary-general Alias Sulaiman was carrying out the renew.

"The committee is currently holding discussions with the Attorney General's Chambers and the various associations handling copyright matters such as the Malaysian Association for Copyright Protection and the Malaysian Computer Association," he said.

He said the committee would work on several possible options to expand the powers of the tribunal as the Ministry was having problems trying to secure the services of experts.

"For example, the tribunal now has experts to deal in literary translation work. If we are to expand its powers to include the music industry, we are going to need experts in that field too," he said. The current tribunal is chaired by Tan Sri Kamarul Ariffin. It has 17 members who are appointed by the Minister.

It was set up when the Act came to force. The tribunal's functions are only to issue licence for literary work of foreign authors to be translated.

Currently the tribunal has not issued any licences but has already received 18 requests for such licences.

BSA director of international organisation Thomas Lemberg said: "This presentation marks our recognition for Malaysia's efforts in combating software piracy and there is a need for other governments to follow Malaysia's example in taking this problem seriously."

Telecommunication Services Pact Signed With SRV

BK0407092492 Kuala Lumpur BERNAMA in English 0847 GMT 4 Jul 92

[Text] Kuala Lumpur, July 4 (OANA-BERNAMA)—Telekom Malaysia Saturday signed a pact with its counterpart in Vietnam to collaborate in various fields of telecommunication services.

The memorandum of understanding (MOU) was signed by Executive Chairman of Telekom Malaysia Mohamed Rashdan Baba and Dang Van Than, head of the Directorate General of Posts and Telecommunications (DGPT) of Vietnam at the Telekom headquarters, here.

Among others, the MOU provides for information exchange, expansion and enhancement of existing international telecommunication services, staff exchange programme, and training.

Rashdan said the visit of Prime Minister Dr. Mahathir Mohamed to Vietnam recently had cemented the ties between the two nations and Telekom Malaysia was willing to share its knowledge and experience with DGPT.

"Telekom has projected that telephone traffic between the two countries will increase to 2.7 million minutes by 1996, compared with 158,000 minutes in 1991, and 239 minutes in 1987," he added.

At present, the communication links between Vietnam and Malaysia are telephone (including international direct dialing), telex, telegraph, and telegram.

International Support for Satellite Launch Sought

BK0307092892 Kuala Lumpur BERNAMA in English 0807 GMT 3 Jul 92

[Text] Kuala Lumpur, July 3 (OANA-BERNAMA)—Malaysia will seek support from Japan and other countries to launch its Malaysian East Asia satellites (MEASAT) in the face of a "protest" to the International Telecommunications Union (ITU) by some countries in the region.

Energy, Telecommunications, and Post Minister S. Samy Vellu said the countries concerned, which already have their own satellites, felt that Malaysia should use theirs instead.

Without naming the countries, he added that some of them had gone so far as to ask other countries in the region to oppose Malaysia's plan to ITU, the main body licensing authority.

"They are doing it for fear of competition, but, we have to think of the integrity of Malaysia," he told reporters after a one-hour meeting with the visiting Japanese minister of post and telecommunications, Hideo Watanabe, at his office here.

He said Malaysia had already applied to the ITU for the licence to launch its satellite and Watanabe had expressed the Japanese Government's support in principle.

He planned to write in officially to the Japanese Government as well as that of India over which the Malaysian satellite would orbit.

Samy Vellu said though Malaysia's ASEAN partners supported its plan to launch its own satellite, the government would have to write to them officially requesting for their support.

Under the M [Malaysian] $675 million (U.S. $270 million) MEASAT plan, Malaysia is scheduled to launch two satellites from Kourou in French Guiana, South America in 1994.

Both satellites to be owned by Kuala Lumpur-based Binariang Sdn. Bhd. [Private Limited] would be manufactured by the U.S. Hughes Communications International Incorporated.

The launching of both satellites would be undertaken by Arianespace of France.

Samy Vellu said once MEASAT was operational, Malaysia was expected to save up to M [Malaysian] $35 million (U.S. $14 million) a year on leasing transponders on satellites owned by other countries.

559 Illegal Immigrants, Workers Arrested

BK0307083892 Kuala Lumpur BERNAMA in English 0756 GMT 3 Jul 92

[Text] Kuala Lumpur, July 3 (OANA-BERNAMA)—Malaysian authorities have arrested 559 unregistered illegal immigrants during "Ops [Operation] Nyah II" carried out in west coast peninsular states up to Thursday, a police source said.

Their breakdown is 427 Indonesians, 93 Bangladeshis, 25 Indians, eight Thais, four Pakistanis, one Filipino, and one Myanmar [Burmese] national.

Most of the unregistered illegal immigrants were arrested in Kuala Lumpur, the source said.

District police personnel mounted "Ops Nyah II" since Wednesday assisted by 1,250 police field force men. Marine police, police air wing, and area security unit personnel were also mobilised.

"The unregistered illegal immigrants have gone into hiding on learning about the operation after June 30, making it difficult for the police to track them," he said.

June 30 was the last day for them to register with the Immigration Department after being given a six-month grace period to do so.

The source said all of those arrested were being detained in camps before being brought to the department.

There were three categories of detention camps—Category A can accommodate 2,000 illegal immigrants, Category B 1,500 people, and Category C 500 people, the source said.

The source said police had arrested about 15,000, all Indonesians, during "Ops Nyah I" mounted off the southern states of Johor, Melaka, Negeri Sembilan, and northern state of Perak coastlines since December last year.

"Last month alone, 2,700 Indonesians were arrested in the operation," he said.

"Ops Nyah I," which is on-going, is to check illegal immigrants without travel documents.

About 2,000 men from four police field force battalions were being deployed along peninsular Malaysia coastlines for the operation, the source said.

Further Details of Arrests

BK0407093092 Kuala Lumpur Voice of Malaysia in English 0800 GMT 4 Jul 92

[Text] A total of 1,032 illegal foreign workers have been detained in the "Operation Nyah II [Roman two]" in the past three days. Topping the list is Pahang with 372 followed by Negeri Sembilan 206, Melaka 183, Johor 123, Kuala Lumpur and Selangor 101, Perak 30, and Penang 17. The figures were given by a spokesman of the Operations Room at the Home Ministry. The operation was launched when the six-month period after illegal immigrants registered themselves with the Immigration Department expired on the 30th of last month.

Central Bank Reports GDP Growth of 8.9 Percent

BK0707053092 Kuala Lumpur BERNAMA in English 0434 GMT 7 Jul 92

[Text] Kuala Lumpur, July 7 (OANA/BERNAMA)—The Malaysian economy, as gauged by the real Gross Domestic Product [GDP], grew at annual rate of 8.9 percent against 7.6 percent in the corresponding quarter of 1991 and 9.7 percent in the preceding quarter, the Central Bank (Bank Negara) said Tuesday.

The Central Bank said that the growth momentum was sustained by significantly higher output growth in the agriculture and mining sectors which grew 7.7 percent and 6.8 percent respectively and which more than offset the moderation in manufacturing and services activities.

It said the expansion in the value added of the agriculture sector was largely due to the higher production of saw logs and palm oil, while the sizeable increase in the production of crude oil contributed to the higher growth in the mining sector.

However, activity in the manufacturing sector moderated during the quarter to 10.4 percent compared with 15.3 percent a year ago.

Growth in output was slowed down by the drop in performance in the export-oriented industries, particularly those producing electronics and electrical products as well as textiles and wearing apparels.

Singapore

Lee Kuan Yew on APEC; U.S., PRC Economies

BK0607143392 Singapore THE STRAITS TIMES in English 1 Jul 92 p 17

[Text] The long-term objective of the Asia Pacific Economic Co-operation [APEC] forum is to keep the trading system in the region and the world open and liberal, Senior Minister Lee Kuan Yew said. While the forum was now acting as a free trade lobby, its more important role was to establish links between the world's regional economic sub-groups and keep them open to each other.

Describing APEC as an organisation of immense potential, he said: "There should be more links between the various sub-groups. If we can bring all these various regional groupings together into one big APEC, we could have a very powerful group."

He said this in an interview with Mr Greg Sheridan, foreign editor of THE AUSTRALIAN. The report was published in the June 27-28 edition of the Sydney-based newspaper.

Mr Sheridan referred to Mr Lee as "an authentic giant of Southeast Asia", arguing that his retirement from the premiership has enabled him to speak his mind more freely. "As a result, he has become one of the most powerful independent voices in Asia. Governments which once reviled him, such as the Vietnamese and Chinese, now earnestly seek his counsel. Perhaps only a handful of individuals in the world—Margaret Thatcher and Richard Nixon among them—are more sought after as speakers in international conferences.

"Yet Nixon and Thatcher were leaders of powerful nations; Lee, in a formal sense, was little more than lord mayor of a medium-sized, prosperous Asian city," said Mr Sheridan.

He wrote that the real monument to Mr Lee's extraordinary career was "modern Singapore itself, its gleaming skyscrapers, its green and pleasant streets, its astonishing affluence, the industry and sparkle of its people".

Mr Lee was asked if Australia was fully engaged in the region. He said that while Australia was part of the region diplomatically, it was not fully engaged economically. By protecting their markets, Australians had led a separate economic existence.

"Ten or 12 years ago Singapore opened a consulate in Sydney hoping to build up economic links with Australia. After a few years we shut it down. Trade wasn't growing. You were living in a capsule industrially. You were not going at the same speed as the rest of East Asia. As we were upgrading our economy, you carried on with your old ways. Now, you have the painful process of catching up," he said.

The interview also touched on the questions of regional security, the reforms in China and Vietnam and the American economy.

On America, the Senior Minister said that the U.S. economy was on the mend and likely to grow by 2 per cent to 2.5 per cent for the rest of the year and enjoy 1.5 and 2 per cent growth for the whole year. But the economy, he added was not in a vibrant state: "All the economic levers have been pulled to the fullest."

Commenting on the growing popularity of Texan billionaire Ross Perot, the undeclared candidate for the American presidency, Mr Lee said it reflected a dissatisfaction with the two existing parties.

Americans, he said, were used to living affluent lives and were not willing to accept that some belt-tightening was necessary.

Asked if he thought there was a racial element to the economic tensions between East and West, he replied: "It always goes back to racism in hard times. For so long the oriental was portrayed or caricatured as sly and devious and somehow not quite human. Although Americans have made great strides, in troubled times people react in a primitive way."

Mr Lee reiterated his view that China did not have the traditions for Western-style democracy. Arguing that the 1989 demonstrations in Tiananmen Square were not a demand for democracy, he said: "It was a demand for honest government that will knock out nepotism, corruption and all these links, guan xi [connection]. They were not asking for democracy in the sense of one-man-one-vote.

Defense Minister Discusses National Service

BK0607150192 Singapore THE STRAITS TIMES in English 1 Jul 92 p 22

[Interview with Dr. Yeo Ning Hong, first minister of defense, by STRAITS TIMES correspondent on the occasion of 1 July National Service Day—date, place not given]

[Text] Q: How would you describe the Singapore Armed Forces [SAF] of today, 25 years after its formation? What are the stages or milestones in the evolution of the SAF in the past 25 years? What are some of the critical markers along the way?

Dr Yeo: The biggest difference between the SAF today and the SAF of 25 years ago is its size. Twenty-five years ago, we started with only two small infantry battalions with about 500 officers and men each. We had two secondhand training vessels. And that was the SAF.

Today, the SAF has come of age. It has grown in strength in capabilities and in maturity. The SAF has more than 300,000 men fully trained—with the ability to use sophisticated weapon systems and equipment, with proven doctrines and regular exercises in realistic scenarios. It's an SAF with full capabilities and strength.

In the 1960s, the primary consideration was just sheer quantity—get the numbers up quickly. We started from such a small base that any additional men we were able to get into the SAF, regulars or national servicemen, were of great importance.

In the 1970s, there was greater concentration on quality. We sent large numbers of officers overseas to other armed forces. And when they come back, they made appraisals of what was appropriate to Singapore. We trained large numbers of technical personnel so that we were able to use the new equipment and weapon systems.

In the 1980s, when we had both quantity as well as quality, we moved to integrate the three services into a cohesive whole, able to fulfil the functions and the missions of the SAF.

We are now at a point where the SAF is fully functional with respect to its missions.

The battlefield of tomorrow is always changing. However good a weapon system we may have today, somebody is going to come out with something even better. For example, however sophisticated a missile may be, somebody would come out with a counter-measure. So it's a continuous process of upgrading, an endless process of improving.

Q: What level of maturity would you describe the SAF as having reached, considering that as a fighting force, it has not been "blooded" yet? In fact, a comment of some observers is that we have not been tested yet in battle.

Dr Yeo: Most armed forces worldwide today are made up of officers and men who have not been tested because most countries have enjoyed peace for the last five decades, since the last World War. So the officers and men have not been tested.

In that sense, we are no different from them. The capability of an armed force is not assessed on whether it has been tested in actual operations. Otherwise, the battle-proven Iraqis would have decimated the American soldiers most of whom were too young to have fought in the Vietnam War, the United States' last major war. General Schwarzkopf, the master strategist in the Gulf War, was only a junior officer, a battalion commander, when he served in Vietnam.

A more realistic test, which is the test that we use and which we understand many other armed forces worldwide use, is the appraisal of how the forces operate in exercises that are realistically structured. And on that count I would say that the SAF is more than equal to its mission.

We not only conduct realistic large-scale exercises by ourselves, unilateral exercises. We also conduct exercises with other countries. Depending on the country, the size of the exercises would vary.

We have exercises with our ASEAN neighbours, the Australians and the Americans on a bilateral basis. In addition, we have exercises on a multilateral basis with the other powers in the Five-Power Defence Arrangement. And each of these exercises tests the capabilities of the SAF. Its performance will give us a reasonable feel of our capability.

Of course, there are other criteria that we monitor closely. The performance of the SAF, for example, when called upon at little or no notice for operations out of the ordinary, such as responding to the Singapore Airlines hijack or responding to an emergency search-and-rescue operation out on the high seas; or sending a team on a humanitarian mission to help out another country.

How we respond to such missions are useful indicators of the capability and the level of alertness of the SAF.

Q: What are the qualities which have made the SAF a motivated and truly professional armed force as well as one to be reckoned with?

Dr Yeo: The motivation of an organisation is dependent on fundamentals. I believe the most important is the principle and practice of meritocracy. Because we operate a meritocracy in the SAF, individuals are motivated to give their best, because they know that that is the only way to make progress in one s career.

Over and above that, the SAF also practises the doctrine of leadership-by-example. To be a leader, you must demonstrate your abilities to your men.

Thirdly, we place a very high emphasis on continuous training for officers and men. Our belief is that circumstances are changing so rapidly that an officer, after having graduated from Officer Cadet School, cannot possibly know all that he needs to know for the next 10 to 20 years. So, each time he moves into a new appointment, to a new assignment, training is required.

Q: How would you assess the various services—the army, the air force and navy—in terms of their operational readiness and the quality ot their officers, men and equipment?

Dr Yeo: The three services have very different roles. For us, because we are a small armed force, the three services work in a co-operative and complementary mode, rather than a confrontational and competitive one. In many other countries, the services fight each other all the way for national prestige, funds, budgets, manpower and so forth.

In Singapore, we developed a balanced armed force. We ask ourselves: What is it that we want to achieve? What is our mission? Who can carry out that mission best of all most effectively, most economically?

Ours is not a question of one service developing at the expense of the other two, but all three services advancing at a pace that is appropriate for the entire armed force. With all three services operating together, we create synergy, so that missions the SAF is tasked with can be accomplished, more often than not, with all three services involved.

Q: What are your perceptions of the change in the national servicemen of today from those of 1961—in terms of their attitude, their commitment to the NS [National Service] concept, their performance and their military skills? In fact, on the matter of attitude, I interviewed a Singaporean who was in the first batch of national service in 1967. He said that, at that time, he and his platoon mates did not even know why they were called up.

Dr Yeo: Quite obviously, attitudes towards NS and the SAF are very different now. We have made 25 years of progress in Singapore. We have had an extensive programme of education for the last 25 years. Our people are much better-educated. As a nation, we have, in our own way, achieved some modest successes, so there is tremendous pride in being a Singaporean. There is also a greater awareness that we ourselves have got to defend Singapore. In the earlier days, there was this false belief that, somehow or other, bigger countries would come to our aid and protect us if we should ever get into trouble. Over the years, as our people looked around the rest of the world and saw smaller countries swallowed up, populations scattered, escaping as refugees, men, women and children slaughtered, it became obvious to Singaporeans that we ourselves have got to defend Singapore.

So the attitude of the public towards national service has undergone a dramatic change. There is no longer that reluctance to do national service. Indeed, reports from Members of Parliament indicate that there is hardly any case at the meet-the-people sessions of parents wanting to get their sons out of NS. They know that every male Singaporean, upon reaching 18, has got to serve NS.

We have also benefited from the higher level of education. We now have many bright Singaporeans. We can help them to use their talents much more effectively. They learn how to handle complex equipment and weapons quickly.

Our training is also more sophisticated now. In the earlier days, the training cadre, the corps of officers and instructors, was relatively small. They themselves were not very well trained, so not everything they did was correct. It was inevitable as we were starting from scratch and in a hurry. Now, we have got 25 years of experience in training. Hence the level of training is much better and much more effective. We are able to get across what we want national servicemen to learn.

All these translate into some fairly interesting changes. There is now a greater sense of pride in the uniform. I remember that in 1981 when I became Minister of State for Defence, servicemen were still ashamed of wearing the SAF uniform. They would change into civvies before leaving the army camp. Nowadays, you see so many people in town wearing the uniform. There is a much greater sense of pride in being a part of the SAF.

There is also a greater desire on the part of the men themselves to make it to Officer Cadet School [OCS]. And now their parents also feel that this is desirable. In the earlier days, a lot of men avoided going into OCS because the training and the duties and responsibilities of officers were more demanding and onerous. But now, whenever the men do not get into OCS, there is tremendous disappointment. Sometimes parents will write long letters to Mindef [Ministry of Defense] to appeal, to point out how able their sons are, the extra-curricular activities they undertook, and their leadership qualities. We would agree, yes, their sons would make very good officers, they have all the ability. But there are others who are better than they are. Hence, their sons are not able to make it to OCS.

Q: This phenomenon is quite amazing. Recently, I went to a passing out parade for recruits of an Armour unit and I was really impressed by the huge turnout of families. It was a weekday, a working day, yet the parade square was packed with family members.

Dr Yeo: Yes. Our commissioning parades and SAF functions always draw very good support from families. This is a very positive indicator. The family is out there to share the occasion with the son.

Q: Final question, minister. Looking into the crystal ball, what sort of SAF do you envisage developing in the short-term future as well as in the next 25 years? Now that the SAF is 25 and has reached a certain level of maturity, what are its priorities?

Dr Yeo: Now that the SAF has matured as a fully functional, integrated, cohesive armed forces, our priorities will be quality, quality and quality.

Firstly, quality manpower—to get the national servicemen to be the fittest possible so that they will be able to benefit fully from the training that we provide them, and to make their greatest contribution while they are doing their NS. We are working closely with the Ministry of Education to help educate a new generation of Singaporeans on the importance of keeping themselves fit and healthy. We will also be improving on the quality of training so that all national servicemen, from the obese to the very fit can become effective combatants. We will also have to ensure that a steady stream of the very best young Singaporeans join the SAF, undergo academic as well as military training, locally and overseas, to prepare for future generations of military leaders and generals.

Secondly, quality hardware—as defence technology evolves, we will have to keep near the state-of-the-art in terms of weapon systems and equipment. Weapon systems become obsolete over a short time as counter-measures evolve. Our people must have the ability not only to buy the correct hardware, but also to use the hardware effectively and, if necessary, modify it so that counter-measures developed for the standard version are ineffective against the systems that we have.

Thirdly, quality strategies and doctrines—strategies and doctrines which were appropriate 20, even 10 years ago may no longer be appropriate today because the world has changed. To develop new strategies, we need quality personnel, officers who are schooled in the art of war, familiar with the threat scenarios and with new developments by other armed forces.

So, the emphasis in the SAF always is on quality and improvement. With quality manpower at every level, using quality equipment and weapon systems effectively, and operating with sound strategies and doctrines, the SAF will continue to be more than equal to its mission of safeguarding Singapore's sovereignty and protecting her vital interests, regardless of the uncertainties of the future.

Cambodia

Objection to Democratic Kampuchea Proposal Viewed

BK0707025892 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 6 Jul 92

["Article": "Why Have Puppets Hun Sen, Chea Sim, and Hor Namhong Opposed the Real Essence of the Solution for Cambodia To Enjoy Peace and Independence in Line With the 23 October 1991 Paris Agreement"]

[Text] The aim of the Paris agreement, dated 23 October 1991, is to end the Vietnamese war of aggression so that Cambodia can enjoy peace, independence, unity, and national reconciliation within the framework of the four Cambodian parties.

Democratic Kampuchea [DK] and the Cambodian nation, people, and national forces have demanded that all parties respect and implement all points of the Paris agreement, particularly the following two key points:

1. To verify the total withdrawal of all categories of the Yuon [derogatory term for Vietnamese] aggressor forces from Cambodia and their nonreturn to Cambodia.
2. To let the Supreme National Council [SNC] play an active role as a legitimate body and unique source of power in Cambodia during the transitional period.

This means that the UN Transitional Authority in Cambodia [UNTAC] and the SNC should jointly manage all affairs in Cambodia during the transitional period, that is:

1. To jointly supervise the total withdrawal of Yuon aggressor forces from Cambodia.
2. To jointly supervise the dismantling of the four Cambodian factions' armed forces.
3. To jointly organize a free, democratic, correct, and fair election in a neutral political atmosphere.

The aim of the latest proposal made by the DK party on 27 June 1992, which was the lowest-level one, is to speed up the solution to enable Cambodia to enjoy genuine peace, independence, unity, and national reconciliation.

The DK party made this lowest-level proposal with an aim of enabling the UNTAC and the SNC to jointly manage all affairs in Cambodia during the transitional period and implement the 23 October 1991 Paris agreement. There should be no other government or state power.

Public opinion in general regards this proposal made by the DK party as a correct, good, proper, and reasonable one which is in line with the 23 October 1991 Paris agreement. But the Yuon aggressors' puppets have rejected this proposal.

Why have the Yuon puppets promptly rejected this proposal?

The Cambodian people, both inside and outside the country, clearly see that this objection shows their true nature as Yuon puppets, who serve the Vietnamese policy of aggression and occupation against Cambodia.

The Yuon aggressors, who are their bosses, have ordered them to promptly voice this objection. This means that everything is decided upon and managed by the Yuon aggressors, the bosses, not by the puppets. The Yuon aggressors have to maintain their puppets in Cambodia so that they and their puppet administration can continue to bleed the Cambodian people white until their goal is realized—that is, to annex Cambodia as they did to Kampuchea Kraom.

Through this concrete situation, all Cambodian people both inside and outside the country clearly see that Hun Sen, Chea Sim, and Hor Namhong have not changed their status as Yuon puppets. They have continued to serve as Yuon puppets. They do not want Cambodia to enjoy peace, independence, unity, and national reconciliation. The Yuon aggressors have ordered them to act this way.

Therefore, the Cambodian national resistance forces as well as the Cambodian nation and people clearly see that:

1. Nothing can be settled with the Yuon puppets because everything must be decided upon by their Yuon bosses.
2. The Cambodian problem can be resolved successfully in line with the 23 October 1991 Paris agreement only when the UNTAC and SNC play a definite role and when no other government exists. That is, there should be no Yuon puppet government in Cambodia. There should only be UNTAC and SNC, which will jointly:

a. Supervise the total withdrawal of all the Yuon aggressor forces from Cambodia and their nonreturn.
b. Supervise the dismantling of the four Cambodian factions' armed forces.
c. Prepare and organize a free, democratic, correct, and fair election in a neutral political atmosphere.

Son Sann on 'Very Successful' Tokyo Meeting

BK0407104392 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 3 Jul 92

[Interview with Son Sann, president of the Khmer People's National Liberation Front, chairman of the Buddhist Liberal Democratic Party, and member of Cambodia's Supreme National Council, by unidentified station reporter in Bangkok on 27 June—recorded]

[Text] [Reporter] I am a reporter for the Voice of the Khmer [VOK]. My respects to His Excellency Son Sann, president of the Khmer People's National Liberation Front [KPNLF], chairman of the Buddhist Liberal Democratic Party [BLDP], and member of the Supreme National Council [SNC] of Cambodia.

First of all, allow me to thank you for granting me this interview following your return from the meeting on the rehabilitation and reconstruction of Cambodia held in Tokyo, Japan. Would you please talk about the outcome of this important meeting?

[Son Sann] The international conference held in Tokyo on the reconstruction of our Cambodia was very successful. It was attended by over 30 countries as well as over 30 humanitarian and state organizations, which have come to help Cambodia. During that one-day meeting, representatives of all those countries and organizations explained why they have come to help rebuild our Cambodia.

I would like to inform compatriots briefly that UNTAC [UN Transitional Authority in Cambodia] expected to get about $550 million for all the development work. But at that one-day meeting in Tokyo, the total aid collected was $880 million—a very big success. And according to Japan's deputy foreign minister, that was not all. If we do our work well, if we show ourselves worthy of trust and know how to unite well, people will give additional assistance over that $880 million. In brief, that was a very big success.

That success was due to people's sympathy for Cambodia. That was why all of them have pledged that amount of aid for Cambodia. Moreover, it was because people realize that our Cambodia has been suffering for a long time. Everything is in ruin: roads, agriculture, economy, health, and so forth. Various organizations mentioned this.

I remembered that 20 percent of Cambodian children living in the country now cannot survive; one out of five dies due to parents' lack of food. This affects the children. Mothers do not have milk to feed babies. Medicine and food are lacking. Therefore, 20 percent of the children cannot survive. This excludes diseases of which every kind exist, such as malaria. There is a shortage of everything, water, medicine, and food; hygiene is poor.

Knowing about all this, the international community announced its willingness to help us. But if we, Cambodians, do not know how to unite, if there is no peace and security, people will not be able to come to help us. Therefore, at the meeting in Tokyo, the amount of money and ways to assist us were spelled out. There are many ways to assist. One way is to rebuild (?infrastructures).

I have said to compatriots: Who is suffering in Cambodia? It is the Cambodian people. Therefore the country should be revived and rehabilitated. Part of the assistance will be spent on repatriation work and another part on rebuilding communications lines and providing training for our compatriots to enable them to manage and run the country in the fields of security, education, health, and leadership. That is the first step. The next step will be rebuilding of our country. Judging from the pledged assistance, this seems to be enough. But that is not all. If we do a good job, there will be some more.

One issue, however, was raised; this was discussed again at another meeting. The amount of money is meant for us, but only when Cambodians know how to unite and strive to achieve genuine peace in Cambodia. At that time, people will come to help us rebuild our country. If we do not have peace, cannot reach an agreement, and do not have mutual understanding and tolerance—as I have said a long time ago, if there is no national unity, there will be no lasting peace—then people will not come to help us. We have to be careful and keep this in mind.

I would also like to inform all compatriots that we must do everything to achieve a lasting peace and national reconciliation among all Cambodians. I will talk more about this later.

[Reporter] Thank you very much Your Excellency. In addition to the success achieved at the Tokyo conference on the reconstruction of Cambodia, there is another problem the Cambodian people also want to know about. This is the implementation of the second phase of the cease-fire. What is your opinion regarding the implementation of the second phase of the cease-fire as the Party of Democratic Kampuchea, that is the Khmer Rouge side, has refused to hand over weapons to UNTAC due to the issue of Vietnamese troop presence in Cambodia?

[Son Sann] On this issue, we should refer to the document all of us signed in Paris on 23 October 1991. Compatriots still remember that since 1979, the ASEAN countries—which want to help restore peace in Cambodia—have every year drafted a resolution for adoption by the United Nations. They have done this every year since 1979 and the number of countries voting for the ASEAN draft resolution at the United Nations increases every year. Finally, after negotiating and bargaining, a solution to the Cambodian problem was reached by the Big-Five. All of us, the four factions, signed that document in France on 23 October 1991. In the document it is said that:

First, all foreign forces—I would like to point out that these forces comprise not just troops, but also settlers—must withdraw from Cambodia under UN control. Compatriots, please listen to me carefully. These foreign forces are not just troops. What other foreign forces are in Cambodia apart from Vietnamese forces? People did not want to say it clearly, they only refer to this as foreign forces and that these forces should be withdrawn from Cambodia under UN control. This is the first issue to resolve.

The second matter concerns what the international community has been condemning and has barred from coming back. To be precise, the genocidal regime will not be allowed to return to Cambodia. First, foreign forces should get out under UN supervision; second, the genocidal regime should not return to power again. These are two important things.

Therefore, I propose that we solve these two issues at the same time: supervise the withdrawal of foreign forces—Vietnamese forces including settlers, let me say it again—from Cambodia. I also appeal to all compatriots in all armies to lay down their weapons in accordance with the agreement in Phatthaya and France. Please agree to this in order to bring peace to our Cambodia, to enable our compatriots to breathe, and so that the international community can assist us with the pledged $880 million. Please compatriots, think of our people and Cambodia's destiny. These two matters should be dealt with at the same time.

Today, since you asked, I would like to talk about this. For my part, I had spoken out about this a long time ago: the Vietnamese presence in Cambodia. I dare to say this. There are a million, over a million Vietnamese in Cambodia. This is a Vietnamese presence. Some people (?try to talk only) about the presence of Vietnamese troops and not Vietnamese forces. I have again and again said Vietnamese forces include troops and illegal settlers. These people have said there no Vietnamese troops and that these cannot be found. I know there are.

In 1991, a ranking U.S. representative said there are at least between 5,000 and 10,000 Vietnamese advisers currently in Cambodia. More recently, UN observers also said—this was not intended for the public—that there are elite Vietnamese troops in Cambodia in 1992. This is contained in their report. So do not say that there are no Vietnamese. It is not a matter of whether there are or not. I can see plenty of Vietnamese living everywhere, in Phnom Penh and other places. You find them everywhere. Earlier, they stayed only in camps, along the banks of Mekong and Tonle Sap lake. Now you can see them along the roads from Phnom Penh to Battambang and (?Pursat). Vietnamese settlers are everywhere, on land and along waterways. Do not say there are no Vietnamese.

Since there are so many Vietnamese, this issue has to be solved. Compatriots in the resistance, who have struggled to liberate the country from the Vietnamese aggressors, cannot forget this. We have struggled since 1979 to liberate Cambodia from the Vietnamese aggressors. So, compatriots know that the Vietnamese aggressors come here not to help and liberate Cambodia and the Cambodian people as they claim; they come to annex Cambodia and make it into another Kampuchea Kraom [former Cambodian territory now part of South Vietnam]. Later on, Cambodia would become another Vietnamese province. You all know about this. Territory, property, resources, rubber, fish, and timber would be taken away. I do not want to talk about this anymore.

On our part, we have struggled for over 10 years. In the struggle, the front—excluding other parties and millions of other Cambodians—has been assisted by the people. Thousands of our courageous and valiant combatants were killed and thousands have been disabled. Thousands have been made widows and orphans. We would like to tell all compatriots that we cannot betray the souls of those who struggled and lost their lives and accept millions of Vietnamese settlers in Cambodia. Please understand me on this point.

I would also like to inform compatriots that through our KPNLF congress held in Phnom Penh on 21 and 22 May last month, compatriot representatives from all provinces exploded when they had a chance to talk about the Vietnamese presence. No one is willing to let the Vietnamese stay. This is something we have to solve.

Another thing, according to the election laws which have been drafted, the Vietnamese can also vote in Cambodia. This is also not just. I do not know of any country that allows at least 10 percent foreigners to settle in the country and have the right to vote. No country is doing this. I therefore ask the relevant authority to check into this and not allow the Vietnamese to vote while compatriots living abroad, in France, United States, Canada, Britain, Japan, and Australia cannot vote. These compatriots have to return to Cambodia and register their names if they want to vote.

I have again and again said that these compatriots have fled because of the Khmer Rouge and now because of Vietnam's aggression against Cambodia. They have lived abroad and started a new life; they have jobs, families, and children at school. They have bought houses with mortgages to pay every month. They have no means of paying for air tickets to go Cambodia to register their names on the voting list. They cannot come to Cambodia to register their names. Allowing Vietnamese to vote and preventing Cambodians abroad from doing so is not just. I ask that this issue be justly solved.

There is also another major issue. Compatriots may or may not have known about it. When they came to settle in Cambodia, the Vietnamese annexed our territory. Our pre-1970 border has now been moved many kilometers inside Cambodian territory—more than 10 kilometers at some points and a few kilometers at others. This is not just along the land border, but also along the maritime border.

Do compatriots agree with this? We have struggled for many years to liberate our Cambodia from the Vietnamese aggressors; we have never demanded things that do not belong to Cambodia. We only demand the return of Cambodian territory. That which is Cambodian territory should be returned to Cambodia. Cambodia belongs to Cambodians. Cambodian rubber, fish, land, property, and land should be returned to Cambodians. We do not demand the land that belong to others; we only demand the return of what belongs to Cambodia. This is a big issue. I ask that this issue be resolved internationally through the agreement; it should be resolved first of all.

I ask, however, that this issue be solved at the same time as the one dealing with the disarming of the troops. If disarmament is not done, there will always be a struggle. We should strive for peace. I appeal to compatriots in all four parties to honor our promise and the agreement we have signed. Land occupied by Vietnamese, the Vietnamese presence, and troop disarmament should be resolved in accordance with the UN plan. Compatriots, please heed my advice in order to have peace in Cambodia so that our compatriots can receive the assistance pledged by the international community at the conference on Cambodia's reconstruction in Tokyo.

[Reporter] Thank you, Your Excellency Chairman. Concerning the election in Cambodia in 1993, do you think that this election will be held in a neutral political atmosphere since to this day we still hear reports about violations of people's rights by the administration on the spot?

[Son Sann] I am aware of this. I would like to recall that a long time ago I appealed for national reconciliation because in my view, if there is no national reconciliation we will not have lasting peace. If we are not united—for example, now we see that there is a problem when we refuse to lay down weapons—fighting will resume. If fighting starts again, who will suffer? Primarily, it is the Cambodian people who will suffer.

People are waiting to assist us with 880 million to rebuild our country. We have not taken this into account; we still oppose one another trying to monopolize power and cause problems for our compatriots. These are Cambodian compatriots. All parties are Cambodians. Cambodians are maltreating Cambodians while attention should be turned to Vietnamese living all over the country.

Once again, I appeal to all compatriots—I have done this time and time again already—to be reconciled so that peace in Cambodia lasts. Only with lasting peace can people bring in this $880 million to help rebuild our country. If we continue to squabble, no one would come. If this happens, who is the loser? It is our people. Please think about this.

Another thing I have mentioned again and again. It is the maltreatment of our compatriots for no real reason. Those who do good will receive good results; those who do bad things will receive bad results. You argue that you only obey orders from above. No matter where the orders come from, if what you do is not good, the result you receive later will also be not good. Do not think that no one knows; angels do.

Later on, when there is lasting peace in our country, what you have done will follow wherever you go, even to hell and heaven. Do think about your acts. I cannot resist telling you about this. Look at Afghanistan; you have seen the newspapers. Those who maltreated people are now tried by the people. I do not want this to happen because this would create trial and tribulation among Cambodians. This should not happen. We should unite, be reconciled, and have mutual understanding. We should cooperate with one another and not maltreat one another. I make this appeal to everyone. If you want power, let the people decide through fair elections. Let the United Nations organize the election so that there is no intimidation. If you have done good things, (?you would be elected). If you have not done good, no matter how you force people, the international community will see this and you will not win votes.

Thus, I appeal to everyone to unite and let the people vote with freedom. Those who win should be allowed to run the country. Look at great powers such as the United States. During the election campaign, people vie for votes. But on election day, the loser congratulates the winner and also tries to get his side to cooperate with the winning party. This is why their country is great and is ruled with justice and progress. We should go along that path so that our country can be glorious and prosperous like the United States and Europe. These countries have their good traditions; they do not maltreat their compatriots. Their elections are proper and peaceful; no force is used. One more time, I would like to make this appeal to all compatriots so that there is national reconciliation.

[Reporter] Thank you Your Excellency Chairman. Finally, is there anything else you can tell the clergy and Cambodian compatriots VOK listeners?

[Son Sann] Greetings to the clergy and beloved compatriots. What I have said is sincere on my part. I do believe in it. Now there is a solution which has been bargained for by the five major powers. They have agreed that we go along with it. And we, the four parties, agreed and signed this in France on 23 October 1991. Since we have signed, it means that we have agreed to implement it correctly in its entirety and not just the part that we think is good for us, ignoring the other parts. Doing it this way renders this solution useless.

I would like to ask compatriots and the clergy to explain to all compatriots that national reconciliation is necessary. If there is no reconciliation and no mutual understanding, the solution of the five major powers cannot be achieved and there will be no lasting peace in Cambodia in the future. Fighting will resume one day. This is what is happening now. One side has refused and accused another of refusing to lay down weapons and refusing to respect human rights. This is because we are not reconciled. If we were, we would strictly abide by the solution of the five major powers and have peace.

I have again and again asked the clergy and compatriots to explain to the leaders of the four parties to think of Cambodia's destiny and that of the Cambodian people who have been suffering for over 20 years. Now there is a solution to the Cambodian problem and we have agreed to it and signed it. Now there is also the means to rebuild the country. In Tokyo, $880 million was pledged to us. And this is not all. If we do a good job and are reconciled and cooperate with one another, there will be more aid to help us become glorious and peaceful again.

Clergy and compatriots, please explain to all the leaders to work properly in the way the international community expects. The solution is there. We should solve the problem definitively and correctly and be reconciled in order to show others that we are united and can cooperate so that people give us more assistance. If we are not reconciled, and there is no lasting peace, and I have to say the same thing again and again, the problem will remain. If we are not reconciled and unable to have mutual understanding, one day we will clash and fight again. Peace will not last.

Thus, I ask compatriots to explain and remind the leaders. Please pray that angels help all the leaders to believe that national reconciliation is necessary so that our compatriots have peace forever and receive international assistance to rebuild our country into a prosperous one.

[Reporter] On behalf of compatriot VOK listeners I would like to express thanks to H.E. Son Sann, chairman of the KPNLF, chairman of the Buddhist Liberal Democratic Party, and member of the SNC, for answering questions in this interview for the benefit of compatriot listeners.

[Son Sann] Thank you VOK for giving me the opportunity to talk to the revered clergy and beloved compatriots. Thank you.

Cease-Fire Violations Reported for 13-30 Jun

Khmer Rouge Violations Outlined

BK0307070292 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 2 Jul 92

[Text] According to reports from the Military Coordinating Committee With the United Nations of the State of Cambodia [SOC], between the beginning of the phase two cease-fire on 13 June 1992 and the end of the month, the Khmer Rouge committed 26 truce violations, including 24 against the SOC forces and two against the forces of the UN transitional authority in Cambodia [UNTAC], in Preah Vihear, Kompong Thom, Battambang, Siem Reap-Oddar Meanchey, Kompong Cham, Kratie, and Stung Treng Provinces. The most serious breaches were observed in the two first provinces.

There were 13 attacks with ground troops and 11 shellings, including four attacks with ground forces and three shellings in Preah Vihear Province, among the 24 cease-fire violations against the SOC forces. The most serious and cruel onslaught occurred at O Ta Lo Village in Rovieng District of Preah Vihear Province on 13 June 1992, causing the Cambodian People's Armed Forces [CPAF] temporarily to give up their position. Moreover, between 1215 and 1430 on 23 June, some 400 Khmer Rouge elements, commanded by A Mok [notorious Khmer Rouge leader] and backed by artillery barrages, attacked the SOC troops at Kaoh Ke Village in the same province. The SOC forces were forced to retreat temporarily.

On 25 June, 150-200 Khmer Rouge elements from Divisions 612, 919, 1001, and 616 fiercely raided the district township of Kulen in Preah Vihear Province from three directions. The SOC forces, exercising their right of self-defense, were able to successfully defend their positions and maintain security for the local people. The attack by some 25 Khmer Rouge soldiers on 26 June against the position at O Ta Lo Village in Rovieng District was also repelled by our SOC armed forces.

Four violations were recorded in Kompong Thom Province, including two attacks with ground troops and two shellings. The most serious onslaughts were launched by Khmer Rouge troops from Division 616 along Route 12 in Prasat Balang District on 14 June 1992—in which three SOC soldiers were killed and five wounded—and at O Pou on 15 June.

One attack with ground forces and two attacks with artillery shellings in Battambang Province; an attack with ground troops and another with artillery shelling in Siem Reap-Oddar Meanchey Province; and a shelling in Kompong Cham Province by Khmer Rouge troops were recorded during the same period.

On 21 June, Khmer Rouge elements from Divisions 616, 607, and 802 committed a second violation against the UNTAC forces by shooting at a white UNTAC helicopter, damaging the aircraft, and wounding a copilot. At 0800 on 24 June in Baray District of Kompong Thom Province, some three Khmer Rouge soldiers from the 550th regiment, for the third time, fired with RPD gun 10 shots at a white UNTAC helicopter. Full report of the casualties has not yet been received.

We have taken note that in the truce violations between 13 and 30 June, the Party of Democratic Kampuchea [PDK] made use of troops from Divisions 616, 607, 802, 612, 919, and 1001 divided into groups of 10-400 to attack the SOC side, and the average number of shells they fired each time was from 10 to many hundreds of rounds. In the 13 attacks with ground troops against the SOC, two CPAF positions were temporarily lost, six PDK soldiers killed and eight wounded, and a civilian seriously injured and many others taken away.

In sum, since the implementation of the second phase of cease-fire, the Khmer Rouge's military activities have slightly disminished compared with the period prior to the beginning of the second phase, but have become more cruel. A number of divisions, under the direct command of A Mok, launched the most vigorous attacks. As such, it is obvious that the Khmer Rouge have not changed their poisonous maneuvers and activities against the people in the least. Their primary goal at the present time and in the future is to throttle the Paris accord for the purpose of retaking power via waging a destructive war against the people and creating a new disaster on the Cambodian soil.

1 Officer Dead in Khmer Rouge Attack

BK0707053492 Phnom Penh SPK in English 0424 GMT 7 Jul 92

[Text] Phnom Penh SPK July 7—One officer of the people's armed forces of the State of Cambodia was killed on June 21 in a Khmer Rouge attack in Sre Noy, Siem Reap-Oddar Meanchey Province.

According to the Military Coordinating Committee With the United Nations, a group of 20-25 men of the Khmer Rouge's Division 980 launched an attack on a government position in Sre Noy, Siem Reap-Oddar Meanchey, killing one government officer.

The same source reported that on June 26, another Khmer Rouge group of the same division fired several rounds of DK-82 gun into Sre Leu area and into western part of Ta Siem Commune, same province.

It added that Khmer Rouge also made similar attacks on government's posts in a number of provinces, including Preah Vihear, Kompong Thom and Kompong Cham.

The Khmer Rouge have been still blocking the implementation of the U.N.-brokered peace plan to end the 13 year old civil war in Cambodia by refusing to lay down their arms and putting forward preconditions for its participation in the peace process.

2 Vietnamese Commanders Killed

BK0707074592 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 5 Jul 92

[Excerpt] Thirteen Vietnamese soldiers from a platoon in Treng position on Route 10 in Battambang Province, who were angry with the agressive Yuon [deragatory term for Vietnamese] commanders, jointly fired at and lobbed hand grenades at these commanders on the night of 25 June. The soldiers were angry because the commanders forced them to fight and die on their behalf. Two battalion commanders and four guards were killed.

After mutinying and killing these Yuon aggressors, the 13 soldiers fled back to Vietnam, taking with them their guns and ammunition. [passage omitted]

SRV Sends Troops to Kompong Thom

BK0607012192 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 5 Jul 92

[Excerpt] According to a report from Kompong Thom Province, on 26 and 27 June 1992, the Yuon aggressors sent over 100 fresh troops from Vietnam to Kompong Thom Province.

The report said that these fresh Vietnamese troops in puppet soldiers' uniforms were sent in three trucks from Vietnam to Cambodia through Route 7. They were seen moving westward along Route 6 via Kompong Cham Province to Kompong Thom Town.

The report added that after arriving in Kompong Thom for one night, 50 of these fresh Vietnamese troops fled. [passage omitted]

Kompong Thom People Forced To Carry Arms

BK0707040792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 6 Jul 92

[Text] According to a report from Kompong Thom Province, from 26 to 28 June, the Yuon aggressor forces and the Vietnamese puppet administrators forcibly recruited our people, who were farming in various villages, to transport arms and ammunition for them.

The Yuon aggressors forced people from each village to use their ox-carts to transport arms and ammunition for them. Anyone who did not have an ox-cart was forced to carry heavy bundles of ammunition.

The report said that the Yuon aggressors and their puppets forced the people to transport and carry arms and ammunition from Kompong Thom Province for their troops to use in attacking the resistance forces in the northern part of this province.

According to the report, the Yuon aggressors threatened that anyone who refused to obey their order would be regarded as their enemy and shot to death. Our people were very angry with the Yuon aggressors and the traitors who are Yuon puppets. Some of our people threw away the ammunition along the way and in the brush. Some other threw the arms and ammunition into the river and fled back home.

SRV Troops Move Throughout Battambang

BK0307021192 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 2 Jul 92

[Excerpt] According to a report from Battambang Province, the Vietnamese aggressors on 27 June sent five trucks carrying 150 Vietnamese soldiers wearing the puppet uniforms from Vietnam along Route 7, via the provincial town of Kompong Cham, and through Route 5 to Moung District in Battambang Province. [passage omitted]

UN Investigating Shooting Incident

BK0707064492 Hong Kong AFP in English 0627 GMT 7 Jul 92

[Text] Phnom Penh, July 7 (AFP)—The United Nations said Tuesday it was investigating a report that more than a dozen "uncontrolled soldiers" opened fire on a truck carrying 30 civilians, killing seven of them.

About 15 soldiers reportedly fired automatic weapons at the truck Tuesday morning as it drove between the towns of Kratie and Stung Treng in eastern Cambodia, a U.N. spokesman said.

Trucks loaded with civilians riding in the back or on top are a common means of transport in Cambodia.

The report to the U.N. command in Stung Treng came from the father of a child who was riding on the truck. The man reported seven deaths and several injuries, and an investigating team was sent to the site, the spokesman said.

The area, called Prek Kriek, is controlled by Phnom Penh government forces, but Khmer Rouge guerrillas operate in the area closer to the border with Vietnam.

Hun Sen Confers Degrees on Students 30 Jun

BK0207054592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 1 Jul 92

[Summary] A ceremony was held under the chairmanship of Mr. Hun Sen, vice chairman of the Cambodian People's Party [CPP] Central Committee and chairman of the Council of Ministers of the State of Cambodia [SOC], to confer degrees on students who have successfully completed their studies. The ceremony took place at the Institute of Sociology of Phnom Penh University on the morning of 30 June.

Attending were General Sin Song, member of the Standing Committee of the CPP Central Committee and national security minister; Im Chhunlim, member of the

CPP Central Committee and education minister; Chea Chanto, member of the CPP Central Committee and planning minister; Hang Chuon, culture minister, as well as other high-ranking SOC officials.

On that occasion, Mr. Hun Sen took the floor and made the following speech:

[Begin Hun Sen recording] On behalf of the CPP and the SOC Government and in my own name, I would like to say that I am extremely happy to attend the convocation of the students of Phnom Penh University. I wish to compliment all of you on your success and thank and praise all Cambodian and foreign instructors, cadres, and staff members of the university for their efforts in successfully performing their tasks.

Over the past more than 13 years, we have, despite many great difficulties, produced scores of intellectuals to serve the needs of the people. At the same time, however, we acknowledge that the quantity and quality of our education continue to be unbalanced. We continue to receive complaints that our students' knowledge is inadequate. So all the instructors are urged, on a timely basis, to step up efforts to learn the countries in the region and the world to improve our curriculum, foster the structure of our education at all levels, and build our material and technical foundation appropriately. We should pay attention to upgrading the quality of our education system to meet the needs of our society.

Taking advantage of this opportunity, I wish to urge all the new graduates to disseminate their knowledge with effectiveness and to uphold their professionalism and patriotism. With the rapid changes and developments in technology, you are urged to learn foreign languages to update your knowledge.

Our CPP and SOC Government have made efforts and sacrifices for the country's salvation and reconstruction under the most difficult circumstances. We have made all kinds of concessions for peace and national unity to rebuild our nation. So you students should play a significant role in motivating the people and masses to become actively involved in promoting education for the sake of our nation's success. [applause] [end recording]

The ceremony concluded in an atmosphere of gaiety and with considerable pride.

Heng Samrin Inspects Arbor Day Site in Kandal

BK0607032192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 6 Jul 92

[Text] Heng Samrin, honorary chairman of the Cambodian People's Party [CPP] and chairman of the Council fo State, inspected the arbor day site at Phnum Attharoes in Ponhea Loe District, Kandal Province on the morning of 5 July. He was accompanied by Kong Sam-ol, vice chairman of the Council of Ministers and minister of the Council of Ministers office; So Khun, minister of communications, transport, and posts; Mok Maret, deputy agriculture minister; Him Chhem, deputy culture minister; leading officials from various establishments; and leading officials representing Kandal, Kompong Speu, and Kompong Chhnang Provinces. Arbor Day will be held shortly under the lofty chairmanship of His Royal Highness Prince Norodom Sihanouk, Cambodia's head of state and chairman of the Supreme National Council.

It is to be recalled that as the ones carrying on the Sangkum Reas Niyum [name of Sihanouk's former political party] era, the CPP and the State of Cambodia's Government has implemented an afforestation policy since 1985. To this day, through different phases of the afforestation at various stations, tree planting promotion, and arbor days, and over 9,290,000 trees—or over 3,700 hectares—have been planted.

The high-ranking delegation of our party and state returned to Phnom Penh at 1030 after inspecting the arbor day site.

Tie Banh Visits Siem Reap-Oddar Meanchey

BK0507092792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 4 Jul 92

[Summary] General Tie Banh, member of the Standing Committee of the Cambodian People's Party [CPP] Central Committee, vice chairman of the Council of Ministers, defense minister of the State of Cambodia [SOC], and member of the Supreme National Council [SNC], held cordial talks with local Buddhist monks, people, educational staff, students, and combatants during his working visit to Siem Reap-Oddar Meanchey Province from 27 to 30 June. At a meeting with the inhabitants in the provincial town on 27 June, the general spoke about the CPP and SOC Government's new political program on the search for peace and national reunification and their sincere and strict implementation of the Paris accord signed on 23 October 1991.

Gen. Tie Banh praised the local villagers for their efforts in the restoration of Buddhism in the locality during his visit to Roluos Commune in Siem Reap District on 28 June. And on the afternoon of the same day, Gen. Tie Banh, accompanied by Lieutenant General Long Sopheap, commander of Military Region 4, visited a rural development area where he handed over a cash donation for digging five wells.

On 29 June, Gen. Tie Banh paid a visit and handed over a cash donation to the people and Buddhist monks at the Preah Ang Krong monastery at Pu commune in Puok District. And at a meeting with a large group of local public servants at the Siem Reap-Oddar Meanchey province office building on the afternoon of the same day, the general sincerely praised the state authorities and combatants for their achievements and urged all of them to continue their efforts in rebuilding the province toward progress in all fields. On the application of the Paris 23 October 1991 accord, he pointed out the goodwill of the SOC, which is eager to see a genuine and durable peace restored to Cambodia.

And before returning to Phnom Penh on the morning of 30 June, Gen. Tie Banh met with senior officers of Military Region 4. At the gathering, Lt. Gen. Long Sopheap, in his address, said: Although the phase two of cease-fire has begun, the other Cambodian side, specifically the Khmer Rouge, has continued to commit truce violations by attacking positions of our Cambodian People's Armed Forces [CPAF] and created insecurity against the people's tranquillity. Afterward, Gen. Tie Banh, took the floor and urged all combatants in the region to intensify their vigilance against any breaches committed by the PDK to maintain security for the people, to firmly adhere to the Paris accord, and to chiefly implement the second phase of the cease-fire for the sake of Cambodia's genuine and lasting peace.

Chea Sim Says CPP Supports Sihanouk Crusade

BK0307065492 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 2 Jul 92

[Text] On the morning of 2 July, Mr. Chea Sim, chairman of the Cambodian People's Party [CPP] Central Committee, National Assembly, and National Council of the Kampuchean United Front for National Construction and Defense, went to Bak Kheng Monastery to visit local officials, people, and Buddhist monks from Prek Leap and Prek Ta Sek Communes, Russei Kev District, Phnom Penh City. Accompanied Mr. Chea Sim were Mess. Sim Ka, member of the Standing Committee of the CPP Central Committee and chairman of Phnom Penh's party committee and people's committee; Chan Sok, president of the People's Supreme Court; Hok Langdi, first vice chairman of the Phnom Penh people's committee; Seng Ratanak, chairman of the party committee in Russei Kev District, as well as other officials.

Taking the floor on that occasion, Chairman Chea Sim said he was very pleased with local development. He then recalled the tremendous hardship experienced by the Cambodian people because of the Pol Pot regime, which had destroyed the people's lives, materials, human rights, freedom, and religions. Monasteries, Buddhist monks, national economy, and social structure had systematically been eradicated as well. He stressed that it was the CPP, which had made all kinds of sacrifices, who lead the mass movement in the struggle to free the motherland from the Pol Pot regime. And over the past 13 years, the CPP has introduced a liberal economic policy to rebuild the country starting from scratch and has also ensured the people's legitimate rights to practice religions, traditions, and customs.

On the efforts in the search for peace for the motherland and people, Mr. Chea Sim said the CPP and the Government of the State of Cambodia [SOC] have genuinely executed the Paris accord on Cambodia with a view to organizing just, general elections next year. And in the implementation of the phase two of the accord, the SOC has regrouped its troops, which are to be disarmed and demobilized by 70 percent very soon. The Khmer Rouge have, he added, created stumbling blocks and difficulties to the UNTAC and have continued the massacre, forcing the people to tragically abandon their houses and villages.

On the CPP's stance, Chairman Chea Sim said the CPP has solemnly declared that it sincerely and unconditionally supports and follows the crusade of His Royal Highness [HRH] Prince Norodom Sihanouk and will strive to pursue the Sangkum Reas Niyum policy.

At the conclusion of the meeting, Mr. Chea Sim offered a cash donation toward restoring the main chapel of the Bak Kheng monastery and constructing a primary school building for local children.

CPP Hailed for Pursuing Sihanouk Policy

BK0207093592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 1 Jul 92

[PRACHEACHON editorial: "The Cambodian People's Party Is the Legitimate Successor of the Sangkum Reas Niyum Policy"—date not given]

[Text] The Cambodian People's Party [CPP] pursues a tradition of leading the country through neither a leftist nor rightist line, upholding democracy, and sharing weal and woe with the people.

His Royal Highness [HRH] Prince Norodom Sihanouk, father of the nation, chairman of the Supreme National Council [SNC], and Cambodia's head of state, visited his children and grandchildren in many cities, provinces, and places after returning to the motherland. He has clearly seen the great efforts made by the CPP, the State of Cambodia [SOC] Government, and Cambodian people in bringing all-around progress to our nation, which has emerged from the ruins and started its rebirth from scratch.

Thanks to the fact that the CPP line really serves the interests of the people, the Samdech Euv [Prince Father] has regarded it as the true successor of the Sangkum Reas Niyum policy he created during his era.

The CPP is the only outstanding party of the Cambodian people which, born from the people, has carried out all kinds of activities for the interests of the people and has never stayed away from the people—even in difficult times. The CPP has a correct, clear-sighted, and wise policy. It dares to struggle and make sacrifices willingly to salvage the nation and particularly to liberate the mournful people from genocide. It understands the people's weal and woe and their aspirations. The people's rights, freedoms, and honor lost under the Pol Pot regime have all been restored. The people enjoy the rights to live; to work and earn their living freely; to uphold their traditions and customs and practise their chosen religious beliefs; to join associations; to enjoy the freedom of study, expression, and publication; to engage in press activities; to travel; to choose their places of residence; to play politics; and to defend themselves before the law. At the same time, capital punishment has been abolished. The party has restored, recognized, and protected the existing legal right of each family, individuals, or private companies to ownership of land, houses, property, and production means.

When the country was at war, in addition to defending the country, the CPP paid attention to restoring and developing the national economy in all fields, thus gradually stabilizing the people's livelihood. Most importantly, it has strived to improve the basic life of the people throughout the country and to continue building the national economy for the future.

The CPP has continuously implemented a humanitarian policy and clemency and initiated the national reconciliation policy to resolve national conflicts and end the war.

The CPP has played an important role as the core in mobilizing forces of the great patriotic national union, together with the support and assistance of friendly countries near and far across the world, to defend national rebirth, heal the wounds of war and all kinds of consequences, and check the return of the past catastrophe. At the same time, the CPP has restored the nation's prestige and its policy of independence, peace, and democracy, and its full territorial integrity.

In sum, for more than 13 years, the CPP has four qualities which cannot be matched by any other parties, that is:

1. It has salvaged the motherland and the people from the danger of genocide.
2. It has enabled the nation to revive from the ruins and to progress.
3. It has restored the people's democratic rights and freedoms and brought back and enhanced their honor and prestige lost under the Pol Pot regime.
4. It has served as the core and become a decisive factor in rallying the nation and bringing peace to the nation and people to enable them to create favorable conditions for restoring and developing the country.

All these big historic achievements were made possible thanks to the sacrifices made by every Cambodian. They reflected the real aspirations of the people and constituted the outstanding ideals of the CPP.

Every Cambodian who has revived will always be grateful to and support the political program of the CPP.

All Cambodian people are holding aloft the banner of great national union and national accord under the wise leadership of the CPP. We will unite as one man in the struggle to overcome all the obstacles existing temporarily in our society and strive to maintain national security and stabilize our national economy and society to correctly implement the 23 October 1991 Paris agreement, thus achieving genuine peace for developing and bringing prosperity to our country.

Results of Nationwide Farming Activities Viewed

BK0307072392 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 2 Jul 92

[Text] The pace of this year's rice cultivation across the country is slower than last year. As a matter of fact, by the third week of June, more than 113,000 hectares of land nationwide had been plowed, some 2,300 hectares of rice sowed, and over 23,200 hectares of rice planted or a decrease of more than 20,700 hectares compared with the same period last year. This is due to the dryness, which dragged on until the end of May or early June.

Along with this, soldiers of the other Cambodian group also carried out intimidation against and extortion of money from peasants in some regions, especially in the regions where floating rice cultivation is to take place, thus hampering their efforts to plant the rice.

As for subsidiary and industrial crops, we have noted that their production diminishes compared with the same period last year. So far, only 30,900 hectares of subsidiary crops of the planned target of 129,800 hectares have been planted, and only 6,340 hectares of industrial crops of the planned target of 87,500 hectares have been cultivated.

Official Cites Causes of Crop Failure

BK0607135592 Phnom Penh SPK in English 1139 GMT 6 Jul 92

[Text] Phnom Penh SPK July 6—This year's rice cultivation target of 2.0 million hectares might not be obtained because of the harassment by the Khmer Rouge in some parts of the country and the irregular rainfall since the beginning of the rainy season, said an official of the Agronomy Department under the Ministry of Agriculture.

Tri Meng, deputy head of the department, said cultivation pace has been extremely slow with only 48,200 hectares of rice sown since the start of this year's season. More than half of the culivation target were planted with deep water rice, he said, adding that Battambang Province sowed such rice variety on the largest area compared with other provinces.

Large part of the targeted area was specified for the cultivation of deep water rice, which has to be grown in time in early season from April to July but little rain together with the harassment by the Khmer Rouge has been the main obstacle in the cultivation drive, Tri Meng said.

Tens of hectares of deep water rice and 8,000 ha of subsidiary food crops wilted due to insufficient rain, he said.

Besides, he added, the lack of seed, especially deep water rice seed, was another reason for the cultivation slackness.

The government and international organizations here have provided the farmers with 3,000 tons of rice seed and 7 million riels to meet their need of 7,000 tons of rice seed for the cultivation, Tri Meng said.

He predicted that although there would be good rainfall from now on the farmers could not obtain the target, and rice growing area would be the same as last year.

Rice cultivated area last year was more than 1.77 million hectares out of the planned 1.94 million hectares and the total rice production was 2.03 million tons, according to Tri Meng.

Indonesia

House Speaker: Amnesty Group Visit 'Untimely'

BK0307090792 Jakarta SUARA PEMBARUAN in Indonesian 24 Jun 92 p 1

[Text] Jakarta, 24 June—Kharis Suhud, speaker of the House of Representatives and chairman of the People's Consultative Assembly, has made it clear that Indonesia is not opposed to an Amnesty International team visiting here, but the government feels that such a visit is not yet timely.

Kharis Suhud made the remarks to 11 British MPs [members of Parliament] led by Allan Keen during their courtesy call on him at the House of Representatives building on Tuesday afternoon.

He told the guests that Indonesia regarded the Amnesty International team's visit as untimely because Indonesia did not want outsiders to interfere in the republic's internal affairs.

The speaker of the House of Representatives and chairman of the People's Consultative Assembly added that the British MPs, who are visiting Jakarta as part of the inauguration of the maiden flight by the British Airways, asked him about interrelgious relations in Indonesia. "I told them that interreligious relations are very good in Indonesia, which is based on Pancasila."

Talks Resume With Malaysia on Disputed Islands

BK0607152992 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 6 Jul 92

[Text] Indonesia and Malaysia today resumed their talks on the issue of the Sipadan and Ligitan Islands, located in the northern part of East Kalimantan. The Indonesian delegation was headed by Wiryono Sastrohandoyo, director general of political affairs of the Foreign Affairs Deparment, while the Malaysian delegation was led by Ahmad Kamil, secretary general of the Foreign Affairs Ministry.

Wiryono said the meeting was a follow-up to an earlier meeting by the two countries' foreign ministers in Kuala Lumpur. The meeting, scheduled to last two days, took place after talks had been suspended for 23 years. The two islands have been claimed by both Indonesia and Malaysia and become a point of controversy after Malaysia decided to develop the islands as tourist resorts. The meeting was also attended by lawyers and oceanographers from both countries.

Official on U.S. Envoy's Criticism on Investment

BK0607120892 Jakarta ANTARA in English 1102 GMT 6 Jul 92

[Text] Jakarta, July 6 (OANA-ANTARA)—Criticism on the climate investment in Indonesia launched by the U.S. ambassador to Indonesia, John C. Monjo, is considered as a reflection of management problems that are being faced by the United States.

Head of National Investment Coordinating Board Sanyoto Sastrowardoyo at a hearing with the House Commission dealing with economy, banking, and investment affairs here Wednesday said that the criticism should be viewed on the basis of how the Americans invest their fund in Indonesia.

We have never intended to hamper American investors, he said. In the last three years, the U.S. has invested some 1.85 billion U.S. dollars in Indonesia, occupying the seventh rank of countries investing in Indonesia.

Ambassador Monjo at a seminar on the U.S-Indonesia business relationship recently stated that the U.S investment in Indonesia are hampered by bureaucracy, monopoly, and economy inefficiency.

According to Sastrowardoyo, the decrease of the U.S. investment in Indonesia was caused among other things by its "old fashioned" management.

The U.S. management system is now one step behind the Eastern countries management system applied by Japan, Hongkong, and Taiwan, he said. It needs three to eight months observation from an American company to determine an agreement for launching a project, he said adding that such a condition has led the company to lose the project.

The American businessmen somewhat prefer to apply "a text books thinking" covering steps that should be taken to determine whether a project is feasible, he added. Therefore, the decrease of the U.S. investment in Indonesia was not caused by what Ambassador Monjo has criticised, he said. The hearing, which was led by chairman of the commission Tajudin Nur said also discussed other economic problems like "tax holiday" and the government regulation number 17 on foreign investment in Indonesia.

Trade Cooperation Pact Signed With SRV Firm

BK0207071592 Jakarta ANTARA in English 1425 GMT 2 Jul 92

[Text] Jakarta, Jul. 2 (OANA/ANTARA)—Trade Minister Arifin Siregar said here on Wednesday that the counter purchase system is very suitable to Indonesian businessmen who want to start trading with a country with limited foreign exchange reserves.

After witnessing the signing of a trade cooperation agreement between PT.[company limited] Prima Comexindo with a Vietnamese firm, Tamexco, Minister Arifin said the problem of foreign exchange reserves faced by a country should not become an impediment to start trade relations.

This was the second agreement ever signed by PT. Prima Comexindo with a Vietnamese firm.

Counter purchase certainly requires strong willingness as the Indonesian firm concerned should be able to select saleable commodities from its trade partners, Minister Arifin said.

PT. Prima Comexindo this year will export 100,000 tons of urea fertilizer to Vietnam. On the other hand, this firm will ship various agricultural products from Vietnam such as peanut and soyabean.

Indonesia also signed another agreement with Vietnam for the construction of an urea packaging plant in Ho Chi Minh city.

The construction of the fertilizer packaging plant is estimated to cost 600,000 US dollars, comprising 52 per cent from and 49 per cent from Vietnam [as received].

PT. Comexindo president director Hashim Jojohadikusumo said the counter-purchase system remains profitable. The first counter-purchase agreement was signed by this firm in 1991.

Suharto on Military as 'Socio-Political Force'

BK0607113692 Jakarta ANTARA in English 0917 GMT 6 Jul 92

[Text] Jakarta, July 6 (OANA-ANTARA)—President Suharto appealed to all battalion commandants to enhance their social involvement and improve the welfare of their subordinates because the Armed Forces duty is not merely confined to military assignments, but also to serving the people's interest in conformity with the army's position as a socio-political force.

The 1945 Constitution includes a provision the essence of which has to be fully perceived by those having positions in the military and socio-political forces, the head of state said when he received 121 of the 138 army battalion commanders at Tapos (Bogor) on Sunday.

Over the weekend, Army Chief General Edi Sudrajat, in his capacity of chairman of the Kartika Eka Paksi Foundation, handed over a donation of 11.2 billion rupiahs for repair costs for the army barracks, ranging from 50-70-150 million rupiahs per battalion. Flanked by the army chief, President Suharto appealed that all the unit commanders ought to be equipped with a high sense of social concern, as the success of their duty will not be merely judged from the success to prepare their subordinates.

The commanders should not pay attention to matters relating to exercises and shooting proficiency of their subordinates, but also to enhancement of their social involvement in favour of the people, the head of state said adding that the Armed Forces members must also be attentive to conditions of the people, state and nation.

President Suharto as patron of the foundation asserted that the soldiers would not be able to concentrate on his duty performance if their barracks are in bad condition, or their children and wives are not in good health.

As a commander, the president recalled that he had often seen the impact of a note received by a subordinate from his family.

No matter the size of the aid to repair the barrack, the important thing is the commander's attention to improve the fate of his subordinates, the president stressed.

Army Chief Views Effect of Dili on Decisionmaking

BK0607035092 Hong Kong AFP in English 0329 GMT 6 Jul 92

[Text] Jakarta, July 6 (AFP)—Indonesian Army Chief General Eddy Sudrajat has told battalion leaders that the Dili shooting last November should not deter them from making prompt and firm decisions, press reports said Monday.

"The November 12 case in Dili can give us many lessons to draw on.... It should not be the case that because of that event, commanders become afraid or uncertain in making a decision," Sudrajat told 121 officers here Saturday, the MEDIA INDONESIA daily said.

Sudrajat was referring to the shootings in East Timor, when Indonesian troops shot into a crowd of East Timorese demonsrtators, killing some 50 people, injuring 91 others, while around 90 people have remained missing since, according to official counts.

Jakarta has since removed the top military brass responsible for security affairs in the former Portuguese colony, which Indonesia unilaterally declared its 27th province in 1976.

It has also discharged three officers from the forces, transferred three others to [words indistinct] and jailed 10 army and police members for between eight and 18 months for neglect of duty or disobedience during the massacre.

"We all understand that there are no perfect decisions. There is no decision without risk. It is upon these decisions and risks that the honor of a commander rests," Sudrajat said.

He said that for an army commander, belated decision making, inability to make quick decisions, and fear of taking risks were "unforgivable weaknesses."

Court Jails Two East Timorese for Demonstration

BK0207105692 Jakarta THE JAKARTA POST in English 24 Jun 92 p 1

[Excerpts] Dili, East Timor (JP)—Baucau district court has sentenced Saturnino Dacosta Belo to nine years in jail for taking part in the planning of last year's anti-Indonesia demonstration here. In an earlier session, prosecutor Sutarso demanded that Belo be sentenced to 10 years in prison for his role in the tragic November 12 Dili incident. [passage omitted]

Presiding judge Iksan Tamil said in his verdict that Belo played a key role in the planning of the anti-Indonesia demonstration.

"The defendant meant to undermine the nation's unity," he said.

The judge meted out the somewhat heavy sentence for Belo on the consideration that he admitted to being a supporter of the banned Fretilin [Revolutionary Front for an Independent East Timor] and had no regret for his actions. Belo had pleaded not guilty.

Belo was the only defendant tried in connection with the November 12 incident to refuse a lawyer. The court offered him a local lawyer, Ponco Atmono, but the defendant insisted that he be defended by a Fretilin lawyer. The court turned down the demand.

In a related case, the district court here handed down a 15-year prison term to Francisco Miranda Branco on Monday [22 Jun] for masterminding the November 12 demonstration.

Policeman Confesses To Work With Aceh Rebels

BK0507091792 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 5 Jul 92

[Text] A military court in Banda Aceh has sentenced Chief Sergeant Jamaludin bin Usman to 16 years in jail and dismissed him from the Indonesian police force after he confessed to being a member of the Aceh GPK [Security Disturbance Group]. The verdict for the former policeman was passed by a panel of judges headed by Colonel Anwari yesterday.

The prosecutor said the defendant had joined the Aceh GPK on 10 July 1990 at the residence of Pawang Rashid, a leader of a break-away faction of Aceh GPK who now remains at large. As a policeman, the defendant should have arrested Pawang Rashid. The defendant admitted that since he joined the illegal group, he had taken part in several illegal meetings along with other members of the group. Since last October, the military court in Banda Aceh has tried and jailed 10 former armed forces personnel for their involvement with the Aceh GPK.

Crude Oil Sales Price Raised for Jun Deliveries

BK0207145192 Jakarta THE JAKARTA POST in English 25 Jun 92 p 1

[Excerpts] JAKARTA (JP): Indonesia has raised the export price of its crude oil for June deliveries by US$1.31/barrel to $19.51 because the international oil market is picking up, Minister of Mines and Energy Ginanjar Kartasasmita says.

Ginanjar told reporters yesterday following a meeting with President Suharto that the world oil market was strengthening as a result of the May agreement of OPEC countries not to increase their output for the third quarter of this year despite the anticipated larger market demand.

The upward trend in the market is obviously good news for the government because oil revenues for the current 1992/93 fiscal year are estimated on an average price of $17/barrel, while the actual prices were $17.47 in April, $18.20 in May, and $19.51 this month.

"But I am not sure whether the oil price rise will continue because there are many variables influencing the market," he said.

If the United Nations allowed Iraq to export oil, the supply to the market would certainly increase and if other OPEC countries did not want to reduce their output to offset the additional supply from Iraq, the prices would certainly be forced down, Ginanjar said. [passage omitted]

Ginanjar also told newsmen yesterday that the government is now encouraging industrial firms and households in urban areas to use more gas in a bid to reduce the heavy dependence on petroleum.

"We are already importing between three to four million kiloliters of fuel oil a year or about 12 percent of our total consumption, in addition to a daily importation of 100,000 barrels of crude oil."

He added that Indonesia should step up its oil conservation efforts, otherwise "we could soon become a net oil importer."

Laos

Kaysone Phomvihan Messages to Algeria, Manila

Condolences on Boudiaf Death

BK0307064192 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 3 Jul 92

[Text] His Excellency [H.E.] Kaysone Phomvihan sent a message on 30 June and expressed grief over the assasination of Algerian President H.E. Mohamed Boudiaf. The full text of the message is as follows:

I have been informed, with deep regret, of the news on the assasination of President of Algeria H.E. Mohamed Boudiaf. The assasination has caused a great loss for the government and the people of Algeria. On behalf of the Lao people and the country and on my own behalf, I wish to express deepest sorrow and condolences to the Algerian Government and his family and also through the Algerian Government to the Algerian people.

Congratulations for Ramos Election

BK0507040692 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 5 Jul 92

["Recent" message of congratulations from His Excellency Kaysone Phomvihan, president of the Lao People's Democratic Republic [LPDFR], to His Excellency Fidel Ramos, president of the Republic of the Philippines]

[Text] I would like to express my sincere congratulations and best wishes to you on the occasion of your election as president of the Repuiblic of the Philippines. I wish you good health and brilliant successes in performing your esteemed duties.

I firmly believe that the friendship relations and good cooperation between our two countries and peoples will be continually consolidated and developed for the common interests of the peoples of our two countries and for peace and cooperation in this region and the world.

Nouhak Phoumsavan Receives New Malaysian Envoy

BK0407103292 Vientiane KPL in English 0911 GMT 4 Jul 92

[Text] Vientiane, July 4 (KPL)—President Nouhak Phoumsavan of the People's Supreme Assembly [PSA] received here yesterday afternoon Mr. Abdul Wahab B. Harun, ambassador extraordinary and penipotentiary of Malaysia to Laos.

On the occasion, the PSA president congratulated the Malaysian ambassador over his assignment and wished him success in his diplomatic mission.

The Malaysian ambassador presented his credentials to Lao President Kaysone Phomvihan on 11 June, 1992.

U.S.-Sponsored Seminar on Drug Trafficking Closes

BK0207110292 Vientiane KPL in English 0912 GMT 2 Jul 92

[Text] Vientiane, July (KPL)—A seminar on matters relating to drug trafficking and law enforcement for customs and police officers held in Vientiane for eight days wound up yesterday. The seminar sponsored by the Bureau for International Narcotics Matters (INM) under the U.S. Department of State was organized by the Lao National Commission for Drug Control and Supervision (NCDCS).

Among subjects raised at the seminar were those relating to the testing of various types of narcotics, the world drug trafficking routes, the various techniques of packing, moving and detection of illicit drugs.

Over 20 participants had a chance to deal with both the theoretical and practical sides of the matter. The resource persons led by Mr. Leonard J. Petree were Ms. Alice A. Adams and Brian J. Wiltowski [all names as received] from the U.S. Customs Service.

Taking part in the closing ceremony yesterday afternoon were, among others, Mr. Souban Salitthilat, president of the NCDCS and also deputy minister of foreign affairs, Mr. Charles B. Salmon, Jr, charge d'affaires of the United States Embassy to Laos, Mr. Nouhak Naleukhot and Mr. Namchai Souvannavong, respectively acting director and deputy director of the customs department.

Speaking about the success of the seminar both the charge d'affaires and Mr. Souban Salitthilat praised the good cooperation between the two countries' customs authorities in matters of exchanging experiences on controlling and supervision of illicit drugs. They hoped that similar arrangements can be made for the benefits of the both countries. Certificates were distributed to participants.

The International Narcotics Matters earlier sponsored one customs officers training in October 1990. The INM is also involved in funding the Houa Phan opium crops substitution integrated rural development project.

42.5 Kg of Opium Seized in Xieng Khouang Province

BK0207121592 Vientiane KPL in English 0911 GMT 2 Jul 92

[Text] Vientiane, July 2 (KPL)—The customs authority of Xieng Khouang Province during last month seized 42.5 kgs of opium which were about to be sent out, following its operation to inspect illicit trafficking of narcotics, reported the customs service of the province.

The customs authority, while seizing 42.5 kgs of opium, arrested seven offenders, who then were sent to the police and the court for investigation and court proceeding in accordance with the law.

Luang Namtha Provincial Party Congress Closes

BK0207121292 Vientiane KPL in English 0917 GMT 2 Jul 92

[Text] Vientiane, July 2 (KPL)—Mr. Maichantan Sengmani, Politburo member of the Lao People's Revolutionary Party Central Committee [LPRP CC] and chairman of the Party-State Control Committee, on June 28 talked to participants in the third provincial party congress of Luang Namtha by praising the last five years' development in this northern province.

He pointed that the country's present economic policy is consistent with the new mechanism policy based on the renovation policy of building socio-economic bases, with expanding foreign cooperation, and with developing the economic image of the country.

He called on all party members to enhance their responsibility to succeed in the national development and defence.

Mr. Kon Keomani was re-elected as secretary of the provincial party committee.

The congress ended on the same day after hearing the political report, assessing the implementation of the resolution of the second congress of the provincial party committee as well as the implementation of the resolutions of the LPRP CC and tasks of the provincial party committee in the next five years (1992-1996).

Philippines

Students Hurl Red Paint at U.S. Embassy

HK0707074392 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 7 Jul 92

[Text] More than 200 members of the League of Filipino Students [LFS] attacked the United States Embassy with red paint as they celebrated the 100th anniversary of the Katipunan [Assembly; the Filipino revolutionary movement during the Spanish era].

LFS Chairman Amante Jimenez said that they thought of attacking the embassy because of the Americans' continued meddling in Philippine affairs.

LFS members threw red paint in plastic bags and bottles at the embassy security guards. However, they failed to hit the embassy seal because the police immediately stepped in. They arrested Jimenez on charges of illegal assembly and vandalism.

Meanwhile, embassy security guards ganged up on a photographer identified as Rey Escalona, who took pictures of the activists' attack.

Japan Extends Grant-in-Aid of 730 Million Pesos

HK0707041492 Manila MANILA BULLETIN in English 7 Jul 92 p 7

[By Lynda B. Valencia]

[Text] The Japanese government recently extended grant-in-aid to the Philippines in the amount of 3.38 billion yen (P730 million [pesos]) to fund three projects.

Earlier, a memorandum of agreement (MOA) was signed by former Foreign Affairs Secretary Raul Manglapus and Japanese Ambassador Toshio Goto to formalize the agreement.

The three projects are the construction of 10 bridges along rural roads, the provision of heavy equipment and spare parts for Mt. Pinatubo relief and rehabilitation operations, and rehabilitation of the Baguio sewerage system.

The projects bring the total of Japan's grant assistance, from April 1991 to March 1992, to 10 projects amounting to P1.9 billion.

Goto said that the projects reflect the continuing efforts of the Japanese and Philippine Governments to promptly respond to the diverse needs of the Filipino people.

The grant of heavy equipment and spare parts for the use of Mt. Pinatubo rehabilitation operations is timely so the stricken areas will recover fast.

Public Works and Highways Secretary Jose De Jesus said 3 bulldozers/dredging equipment are already in Central Luzon to dredge rivers full of lahar mudflows.

The equipment will also be used to strengthen river dikes, De Jesus said.

Japan's assistance for Mt. Pinatubo now exceeds $13 million ranging from Humanitarian aid to support for infrastructure rehabilitation.

Amended Rescheduling Pact With Belgium Signed

HK0607130992 Manila MANILA BULLETIN in English 1 Jul 92 p 3

[Text] The Philippine government signed Monday [29 Jun] an amendment to the Rescheduling agreement with the Belgium government for the rescheduling of some $1.2 million in debt service.

The agreement inked in simple rites with outgoing Finance Secretary Jesus P. Estanislao for the Philippine government and Belgian Ambassador to the country Hugo Callebaut brings to the country the total amount of $2.4 million under the bilateral rescheduling agreement.

The $1.2 million, or approximately 41,006 million Belgian Francs, in debt service was supposedly due to fall starting September 1 this year up to end December 1992.

As in previous agreements, the amounts involved or rescheduled continue to be free from interest, the DOF [Department of Finance] said.

The signing brings to $1.347 billion or about 89 percent of the total indebtedness, amount rescheduled under the Paris Club umbrella. [sentence as published] The Philippines only needs to conclude rescheduling agreement with Netherlands, Germany, United Kingdom and Italy to complete the 14-member country in the Paris Club.

IMF Warns Government on High Inflation Rate

HK0707030292 Manila BUSINESS WORLD in English 7 Jul 92 pp 1, 5

[By Maria Gertrudes M. Chavez]

[Text] The International Monetary Fund (IMF) has called Government's attention on the country's rising inflation rate, a ranking Central Bank [CB] official told Business World.

Inflation has become the IMF's top priority for the Philippines. In previous interviews, IMF senior resident representative Christopher Browne said a low inflation environment would create a climate conducive to investments.

Quoting the IMF, the CB official pointed out that the inflation rates for May and June have so far been off track vis-a-vis the economic stabilization program (ESP). For instance, the official disclosed that on an annualized basis, the inflation rate per month should average only 0.6 percent to wind up at the yearend target of 7 percent.

But in the last two months, the monthly inflation rate has been averaging 1 percent or above the target set by the IMF. For May and June, the inflation rate was 9.2 percent. "If the Government does not watch out, we could see inflation soaring to double-digit levels again," the CB official maintained.

The growth in inflation has been mainly attributed to the expansion in money supply during the period.

Preliminary data from the CB show reserve money (broadly the amount of cash in circulation) for the period June 8-12 amounted to P133.2 billion [pesos] or 12.8 percent higher than the yearago level of P118.1 billion.

In May, liquidity grew as a consequence of the spillover of furious election spending in April, the CB official explained.

Estimates show that election spending totalled approximately P20 billion.

The power problem also took its toll on liquidity.

Many banks have excess cash because no company is borrowing for expansion. Private companies, big businessmen said, are sitting on a huge pile of inventory.

High liquidity was also apparent in the overflow of tenders in the weekly Treasury bill auctions, pushing down interest rates, a CB official explained that since loan demand is low, the banks have lodged their excess funds with the high-yielding and virtually risk- free government securities.

Excess Funds

The CB has also begun issuing CB bills to mop up excess funds and bring inflation down. However, it has been reported that the CB has been finding it hard to sop up excess liquidity because of the reluctance of some banks to subscribe to CB bills.

Bankers said they are wary of investing in these securities because of the volatility in the rates.

Despite the increase in money supply, the CB is still confident it will be able to achieve the 7 percent yearend target.

CB Governor Jose L. Cuisia, Jr has been unswerving in his resolve to cut inflation, going further to say that he is even willing to see "a temporary rise in interest rates if it will help bring down inflation in the long term."

Mr Cuisia noted that the Philippines is not the only country concentrated on inflation. He cited the case of the New Zealand CB Governor whose sole task is merely to reduce inflation. "He (New Zealand CB governor) doesn't care about interest rates, the exchange rate, or trade. His sole mandate is single-digit inflation," Mr Cuisia pointed out.

With inflation foremost in Government's priority, the IMF has also cautioned against accelerating spending for the second semester to prime up growth.

Mr Browne said Government must maintain programmed levels of spending in the second half, "no more or less."

Pump-priming, which Mr Browne defines as the printing of money to finance expenditures, is only a temporary cosmetic. It may generate a short-term boom, but this may go bust, once inflation sets in," the IMF official said.

Mr Browne noted that at the start of the Aquino administration in 1986, Government started printing a lot of money because of the huge budget deficit carried over from the Marcos regime.

Money creation was repeated in 1990, leading to periods of skyrocketing inflation.

Waiver Sought on Deficit Ceiling

HK0707030092 Manila MANILA BULLETIN in English 7 Jul 92 p 1

[By Fil C. Sionil]

[Text] The Philippines plans to seek a waiver from the International Monetary Fund (IMF) on the required P9-billion [pesos] deficit ceiling this year in order for government to gain some leeway in the implementation of its programs.

The Department of Budget and Management [DBM] has recommended to President Fidel V. Ramos that IMF approval of the waiver be sought to enhance flexibility in the 1992 fiscal targets.

In a draft memorandum prepared by the DBM for Mr. Ramos' signature, it is stated: "In view of the present budgetary constraints and in order not to hamper the implementation of government programs and projects, you are hereby directed to push for a relaxation of the national government deficit target with the IMF for 1992."

The order is addressed to the economic team headed by Finance Secretary Ramon Del Rosario, Central Bank Governor Jose L. Cuisia Jr., debt negotiator Emmanuel Pelaez, Budget Secretary Salvador Enriquez, and Director-General Ceilito Habito of the National Economic Development Authority.

The draft memorandum also states: "At the very least, the disbursement program agreed with the Fund for 1992 should be maintained and revenue shortfall in the first semester should not jeopardize this program."

Furthermore, it was suggested that the Ramos administration likewise seek clearance from the Fund to stay within the P263.19 billion expenditures for 1992 despite its failure to meet the projected P254.19 billion revenue collection this year.

In a related development, the cabinet will decide today on whether or not to recommend signing of the $4.8-billion debt relief package reached with the country's foreign creditors last February.

Finance Secretary Ramon Del Rosario, who heads the new economic team, earlier said he was for the signing of the agreement as soon as possible so that the country could now reap the benefits accruing therefrom.

Del Rosario's team will present to the cabinet its recommendation on what action to take on the debt package but he stressed that they will abide by whatever decision is arrived at by President Ramos.

Earlier, it was reported that the national government registered budgetary surplus during the first four months of 1992. As of May, total cash surplus amounted to $3.95 billion.

However, this trend was reversed, according to a ranking DBM official who said revenue collections in June were below expectations.

Despite the waiver to be sought from the IMF, it was learned that the national government would still maintain its planned expenditures for the year. This is indicated in another draft memorandum also recommended to the President.

Ramos Has Reservations Over Nuclear Power Plant

HK0707015292 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 6 Jul 92

[Text] There is a possibility that the government may abandon its plan to re-open the Bataan Nuclear Power Plant [BNPP].

President Fidel V. Ramos said the government may just convert the plant into a combined-cycle plant. He said that he has reservations about the operation of the plant since it remains a sensitive issue. However, the president said the government continues to discuss possible alternative uses of the plant which costs more than two billion dollars.

Meanwhile, Ramos refused to give any statement on what his administration will do with the compromise agreement signed by the Aquino administration with the Westinghouse Corporation with regard to the operation of the plant. Under the agreement, Westinghouse was suppose to manage the operation of the BNPP within three years for a fee of $100 million.

Former Leader To Head Muslim Affairs Office

HK0307112292 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 3 Jul 92

[Text] President Fidel V. Ramos has announced today the appointment of Masankay Pondato as the executive director of the Office of Muslim Affairs. Pondato replaces Ali (Bashir-Lukman). Pondato was formerly a commander of the reformist Moro National Liberation Front.

Investment in Export Zones Shows 67 Percent Rise

HK0607060892 Manila PHILIPPINE DAILY INQUIRER in English 6 Jul 92 pp 17, 18

[By Corrie S. Narisma]

[Text] Total investments in the country's export processing zones reached P1.43 billion [pesos] during the first six months of 1992, or 67.2 percent more than last year's P853.45 million.

Tagumpay Juardiniano, administrator of the Export Processing Zone Authority [EPZA], said that 45 new and expanding projects accounted for the investments from January to June this year.

The number of projects registered with the EPZA during the period was 250-percent higher than last year's 13 ventures.

Jardiniano said this performance showed that the rising investment trend in the zones continued despite the economic and political conditions that prevailed in the first semester of 1992.

He said that EPZA is expecting a faster build-up in investments during the remainder of the year. "We believe that the smooth transition of power last month would restore the confidence of investors in the country and trigger the inflow of fresh capital."

Of the total registered investments during the period, over P1.3 billion represented the project cost of 37 new companies while the balance of P118.3 million accounted for the expansion projects of five companies already operating in the export zones.

The investments came from 19 nationality groups, with the Japanese accounting for P630.6 million.

South Korean investors contributed P321.5 million, and local businessmen infused P236.9 million. Other top investors during the period were the Taiwanese, P86.67 million; Americans, P52.96 million; British, P34.38 million, and Australians, P29.58 million.

Two of the newest foreign groups to invest in the zones were the Yemenis who invested P16.35 million in a garments manufacturing project, and the Brazilians who put up a P12.3-million garments venture.

Jardiniano said that 27 of the new projects worth P840.13 million will operate at the regular export processing zones in Bataan, Mactan, and Cavite.

The Baguio export zone is still being rehabilitated since its facilities were badly damaged by the earthquake in 1989.

Ten projects worth P468.6 million will be located at the special export processing zones in the Cavite Laguna Batangas-Rizal-Quezon area.

Among the companies that registered their projects during the period were World Mitsuoka Textile Corp., P185.14 million; Asahi Optical Cavite Phils. Corp., P141.23 million, Cebu Dai-Iehi Corp., P100 million; Tokumi Electronics Phils. Inc., P80 million, and Sino-Phil Chemical Industry Inc., P72.6 million.

Human Rights Groups Ask Ramos To Free Detainees

HK0407033392 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 3 Jul 92

[Text] A coalition of human rights groups have called on President Fidel V. Ramos to release all political detainees. The coalition is made up of SELDA [Association of Ex-Detainees Against Detention and for Amnesty], KAPATID [Organization for the Release of Political Detainees], Task Force Detainees of the Philippines, and the Philippine Alliance of Human Rights Advocates. The groups said the Ramos administration' promise of unity and national harmony must include the release of all political detainees.

Police, Rightist Rebels Begin Amnesty Talks

HK0307032892 Manila THE CHRONICLE in English 3 Jul 92 p 1

[By Joey Caburnida]

[Text] The Philippine National Police [PNP] has begun its own preliminary talks with rightist rebel leaders who have signified their willingness to cooperate with the Ramos administration.

Talking to newsmen after attending the 45th anniversary of the Philippine Air Force at Villamor Air Base, PNP chief Director General Cesar Nazareno admitted he had talked with some key rebel leaders who promised him "mutual cooperation" with government authorities.

Nazareno would not name the rightist leaders who "contacted" him but said that, initially, both parties agreed on two major points.

These include the rebels' helping the government pinpoint the members of a splinter group of the rightist Rebolusyonaryong Alyansang Makabayan [National Revolutionary Alliance—RAM] suspected of being responsible for the recent spate of bombings in Metro Manila.

"They said they would help us locate the scalawags, the band of criminals behind the bombings," Nazareno said. The second point, he said, was for the government to give livelihood assistance to rebel returnees who could not be retained in the military service.

The PNP has tagged rebel soldiers to be behind the explosions that rocked at least three branches of Banco de Oro in Quezon City last Tuesday allegedly because business tycoon Henry Sy, the bank owner, had refused to give the rebel soldiers money.

But Nazareno said the rebel leaders he had talked with had told him that the RAM was conducting its own investigation into the bombings, adding that the explosions could have been perpetrated by a splinter group of the rightist rebel movement.

Asked who could be the leaders of such a splinter group, Nazareno said he could not give names at this point. But he said that they have already provided security to Henry Sy.

The military has also started preliminary talks with fugitive rebel soldiers who also have given indications they might accept the amnesty offer of President Ramos, according to Col. Benjamin Libarne, chief of the Armed Forces Counter-Intelligence Command, the military arm supervising operations for the capture of military rebels.

Maj. Gen. Arturo Enrile, the Army chief, confirmed the bright chances in the talks with rebel soldiers, saying "many of the rightist are looking forward to that day when some kind of reconciliation or amnesty will be around the corner."

In a separate interview, Defense Secretary Renato de Villa said the defense and military establishments are "sincerely looking forward to the realization of the peace efforts."

"What I see is a clear, fresh opportunity to re-examine the approaches of the Armed Forces to eliminate our internal security threats. We really need peace and we need to terminate these threats," de Villa said.

Asked whether he sees any other way to peace other than amnesty and peace talks, De Villa replied: "We are really trying to beat this thing to death even before the President can spell it out. So as far as I'm concerned, we are seriously studying and working on various proposals and various aspects of it."

Retired general Edgardo Abenina, a leader of the RAM-KSP [Soldiers of the Filipino People]-YOU [Young Officers Union], yesterday expressed approval to Ramos' offer of amnesty to all rebels.

"Mabuti iyang binabalak nilang amnesty ni Pangulong Ramos sapagkat ang amnesty na iyan ay hindi para sa RAM-KSP-YOU lang kundi para rin sa NPA-NDF at saka sa MNLF at saka iyong mga political factions na mayroong hidwaan sa pamahalaan [The amnesty planned by President Ramos is good because it will benefit not only RAM-KSP-YOU but also the NPA-NDF (New People's Army-National Democratic Front) and MNLF (Moro National Liberation Front) and the other political factions against the government]," he said in an interview over radio station DZRH.

He emphasized, however, that the RAM was not asking for amnesty. "Any unang hinihingi ng RAM key Pangulong Ramos ay good government [The first thing that RAM is asking from President Ramos is good government]." "Kinakailangang mawala na ang graft and corruption sa pamahalaan lalo na sa matataas na sangay ng ating pamahalaan, sa AFP at lalong-lalo na sa PNP [Graft and corruption especially in the top levels of government, in the AFP (Armed Forces of the Philippines) and in the PNP (Philippine National Police])," he said.

He said the members of the RAM-KSP-YOU would return to the fold of the law "kung napansin ng RAM na talagang maganda ang layunin ng pamahalaan [If RAM is convinced that the government's objectives are good]."

This was very similar to a statement made by NPA chief Romulo Kintanar last June 17 although Kintanar said it was genuine land reform that would make the communist insurgency "lose its basis for existence."

Abenina confirmed a statement made by Honasan in a recent interview with a newspaper publisher, saying they would give Ramos a chance to prove his good intentions.

"Pagbibigyan natin ang pamahalaan ni Pangulong Ramos na makapagsimula at maipakita kung ano talaga ang layunin nito Kung maganda ang mga layunin nito ay taos pusong tutulong ang RAM sa kaniya [We will give President Ramos a chance to start and to show his administration's objectives if these objectives are good, RAM will support him wholeheartedly]," he said.

Further on Amnesty; Bombings

HK0507062292 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 4 Jul 92

[Text] The leaders of the Reform the Armed Forces Movement [RAM] met for two days to discuss the government's amnesty offer. This was revealed by Brigadier General Alfredo Filler, Armed Forces of the Philippines Central Intelligence Service chief, who said that he received information that among those attending the meeting were former Brigadier General Jose Zumel, Commodore Domingo Calajate, Captain Felix Turingan, and Major Billy Bibit. Renegade Colonel Gregorio Gringo Honasan did not attend the meeting. Filler did not give other details of the RAM-Soldiers of the Filipino People-Young Officers Union executive committee meeting; however, he said that during the meeting Bibit admitted responsibility for the bombings in Manila during President Ramos' inauguration [30 June].

Thailand

Review of Trade Ties With European Community

BK0207150492 Bangkok BANGKOK POST in English 30 Jun 92 pp 60, 61

[From the "Economic Review 1992 Mid-Year" supplement]

[Excerpts] The European Community, comprising a dozen nations (Belgium, Denmark, France, Greece, Germany, Ireland, Italy, Luxembourg, the NetherIsnds, Portugal, Spain and the UK) is Thailand's second most important trade partner after Japan, with the trade balance having for several consecutive years been in Thailand's favour.

On the world trade scene, the EC plays the most important role as the world's premier trading area, accounting for as much as 41 percent of total global trade, compared to the US share of 13.4 percent and the Japanese share of 7.7 percent. Of the total EC trade, roughly 60 percent is accounted for by trade among its members and the remaining 40 percent by trade with non-EC members with the share of EC-EFTA trade being 10 percent, that of EC-US trade 7.2 percent, that of EC-East European trade 5.4 percent, that of EC-Japanese trade 3.2 percent and that of EC-ASEAN trade 1.5 percent.

In respect to bilateral trade, the EC constitutes, as noted above, Thailand's second most important trade partner. In 1991, Thai-EC trade totalled 284,646 million baht, equivalent to 16.8 percent of Thailand's total international trade, compared to the value of Thai-Japanese trade of 413,808 million baht or a 24.4 percent share and the value of Thai-US trade of 258,178 million baht or a 15.2 percent share.

The latest customs statistics show that in January, 1992 Thai-EC trade still ranked second with a trade value of 24,893 million baht, compared to Thai-Japanese trade worth 31,720 million baht and Thai-US trade worth 20,244 million baht.

As an export market, in 1991 EC ranked second after the US and ahead of Japan. The Community bought 149,992 million baht worth of Thai products compared to the US purchases of 154,362 million baht and Japanese purchases of 131,050 million baht.

In January this year, the EC overtook the US and became Thailand's top export market. However whether this new trend will continue remains to be seen, as it is still too early to predict. In the first month of 1992, exports from Thailand to the Community amounted to 12,940 million baht, compared to those to the US worth 12,584 million baht and those to Japan worth 11,698 million baht. Though Thailand's dependence on the EC as an outlet for its exports is high, the sales of Thai goods to the EC are, in relative terms, small as they account for only 0.36 percent of the EC's total imports.

The top 10 Thai export products shipped to the EC in 1991 were as follows: Garments (worth 22,400.5 million baht), tapioca products (18,117 million baht), footwear and parts (10,388.3 million baht), gems and jewellery (8,623.5 million baht), canned seafood (6,283.2 million baht), computers and parts (5,163 million baht), radios, televisions and parts (5,565.6 million baht), integrated circuits (3,286.7 million baht), frozen prawn (3,232.4 million baht) and fabrics (2,898 million baht).

Within the EC bloc, Germany was the largest market, taking in 37,491.2 million baht worth of Thai export products in 1991, followed by the Netherlands purchasing 31,808 million baht, the UK purchasing 26,232.4 million baht, France purchasing 17,791.9 million baht and Italy purchasing 13,403.2 million baht.

The top five export items shipped to Germany in 1991 were garments, footwear and parts, gems and jewellery, radios, televisions and parts and canned seafood. Those to the Netherlands were tapioca products, computers and parts, garments, integrated circuits and canned seafood. Those to the UK were garments canned seafood, footwear and parts, video cassette recorders and integrated circuits. Those to France were garments footwear and parts, gems and jewellery radios, televisions and parts and rubber. Those to Italy were garments, footwear and parts, frozen squid, frozen prawn and woven fabric.

On the import front, in 1991 the EC was the second most important supplier of products imported into Thailand, after Japan. The Kingdom's imports from the Community totalled 134,654 million baht compared to those from Japan worth 282,758 million baht and those from the US worth 103,816 million baht.

Despite the great importance of the EC as a supplier of products to Thailand the value of goods sold by the EC to Thailand accounts for only 0.20 percent of the total the EC sells to the world.

In January 1992, the EC continued to be the second most important source of products to Thailand, with imports from the Community being worth 11,954 million baht, compared to 20,022 million baht worth of products from Japan and 7,660 million baht from the US.

Leading imports from the EC included industrial machinery and parts, chemicals, iron and steel, automobiles and parts, trucks and buses, metal products, pharmaceuticals, diamonds, tractors and whisky.

The balance of Thai-EC trade has in recent times been continuously in Thailand's favour. However, the surplus amount has fluctuated wildly, rising from 13,081 million baht in 1986 to 14,372 million baht in 1987. It then nosedived to 4,454 million baht in 1988, rising again to 6,280 million baht the following year. In 1990, it dropped to 3,324 million baht and soared sharply to 15,338 million baht in 1991. In January 1992, the trade surplus was 986 million baht, compared to 833 million baht in January 1991, up 18.4 percent.

In growth terms, the bilateral trade between Thailand and the EC has been expanding satisfactorily. Thai exports to the EC amounted to 37,622 million baht in 1982, rising to 149,992 million baht in 1991—averaging a growth rate of 17.3 percent per annum over the 10-year period. In the meantime, Thai imports from the EC jumped from 23,302 million baht to 134,654 million baht, averaging an annual increase rate of 19.4 percent during the decade (1982-1991). In January 1992, the Kingdom's exports to the EC continued to grow by 6.2 percent to 12,940 million baht and its imports from the EC by 5.3 percent to 11,954 million baht.

The above statistics reflect the importance of the EC as a trade partner of Thailand. Thus there has been considerable concern and uncertainty about the future prospects of Thai exports to the Community following the unification of the 12-member states into a Single Market, targeted to become effective by the end of 1992. [passage omitted]

Thai Ambassador to Belgium Danai Tulalambha said recently: "...the post-unification EC following the introduction of the Single European Act in 1992 will very likely not result in increased market protection and obstruction. The ultimate aim of unifying Europe is to achieve full European union."

Meanwhile, commenting on the possible outcome of European unification, a study by the Bank of Thailand has offered the following suggestions:

—Thailand's market share in the EC will probably shrink. This prediction is based on the fact that the unification of Europe will enable EC-member countries to reduce production costs through the free movement of production factors within the bloc. This will help increase the efficiency of the use of production factors. Finished products will also be distributed among member countries more conveniently and rapidly, and the EC domestic market will expand enabling the bloc's various industries to achieve economies of scale in production. Cooperation among member countries will increase, enabling trade between the members to expand. Thai products expected to suffer from this development include tapioca products, rice, gems and jewellery, leather products, sports shoes, toys electronic products and electrical appliances.

—The use of uniform product qualification standards within the EC will help goods that meet the standards to be distributed more readily within the bloc. Goods, the quality of which cannot be raised to the level set by the EC will be denied entry into the bloc. Thailand has already experienced much difficulty in respect to, say, its canned seafood because the EDTA content does not meet the standards set by certain EC member countries.

—The EC is expected to resort more to reciprocity arrangements, exploiting its increased bargaining power in obtaining concessions from trade partners. This means some impact may be felt on Thailand's financial, banking and aviation sectors.

Be that as it may, following its unification the EC will become an enormous market for Thai products, as the Community is home to some 330 million people who possess strong purchasing power. Those who gain access to this market will be amply rewarded.

Furthermore the EC is in the process of joining hands with the European Free Trade Association (EFTA) and has agreed in principle with the latter to form the European Economic' Area (EFA). This will enlarge the size of the market further to include some 500 million consumers with very high purchasing power. It will consequently be highly rewarding to penetrate this huge and rich market. The successful entry of a product into one of the member countries in the bloc will make it possible for the product to be marketed throughout the bloc.

To be prepared for any eventuality and to ensure that Thailand will retain or even expand its foothold in the EC, the Commerce Ministry has set three continuous trading plans to cope with the Single European Community market which will take effect on December 31, 1992. An informed ministry source revealed that the three plans, which had been approved by the Cabinet, are for implementation from fourth quarter 1991 to 1993.

The first, an adjusting plan, was launched in the last quarter of 1991. All departments involved with trade had to analyse the impact of all existing EC regulations, especially on product standards.

The Business Economics Department which is responsible for appraising the plan, would then check the outcome of the first plan scheduled for completion by the end of 1992. The appraisal was to be completed in the first quarter of 1992 involving collection of figures and data from various ministries and departments, such as the Transport and Communications Ministry, Finance Ministry, Industry Ministry, Agriculture and Cooperatives Ministry, and the three private agencies, the Board of Trade, the Federation of Thai Industries and the Thai Bankers' Association.

The second plan, defensive in nature will be implemented in 1992 when the departments have to make public the effects of the EC regulations. Thai producers and exporters must change their production standards to be in line with EC regulations. For instance, if the EC changes its standards for canned seafood, Thai producers must adjust to meet the new standards, otherwise the products cannot be exported to the EC market.

The third plan, offensive in nature will be implemented in 1993, when the EC market is fully integrated. Under this plan, Thailand will look for allied countries, which feel the EC regulation is beyond international practice, and it will cooperate with them in seeking to amend such regulations to comply with international practice.

In addition, the Thai Government will establish more networks of commercial counselors, tourist promotional and consular offices. The Commerce Ministry has likewise asked Thai banks to open more branches, which can operate full banking services in EC countries, before the single market becomes effective because in the run-up period, the EC will not enforce reciprocal measures.

Another major problem looming large on the horizon of Thai-EC trade is the recent agreement among EC ministers to cut farm subsidies on cereals by 29 percent over the next three years. The 25,000-million baht Thai tapioca industry faces serious problems following the EC's announcement of its new Common Agricultural Policy (CAP), which includes the above-mentioned 29 percent cut of its internal support programme budget and a 15 percent reduction of plantation areas.

The EC farm trade reform is aimed at seeking a compromise with the US at the Uruguay Round of GATT talks, and helping the EC to reduce the heavy financial burden of supporting its agricultural sector that it has carried for a number of years.

However, it is likely that the reform will gravely damage the Thai tapioca industry in the near term, because the EC is a major export market for Thai tapioca products, with an average 5.25 million tons per year allowed into the common market. It is highly probable that export prices of tapioca to the EC market will, because of the 29 percent reduction of subsidies, drop US$18-20 a ton each year over the next three years from the current level of US$140 a ton. The price could be down to only US$80-100 a ton by the third year of the new policy. As the Thai tapioca industry relies heavily on the EC market, changes there will adversely affect the entire industry.

It will be necessary for all parties concerned to map out a programme to help alleviate cassava farmers' plight. To help the tapioca industry adjust itself during the early transitional period of reform, it may even be necessary for the Government to introduce a temporary export subsidy scheme to move stocks. The Government should also try to promote the productivity of cassava plantations in competing with other cereals, as well as promoting other value-added tapioca industries.

Joint Development of Spratlys by Claimants Urged

BK0407021092 Bangkok THE NATION in English 4 Jul 92 p A6

[Editorial: "Spratly Claimants Have To Exercise Full Restraint"]

[Text] The Spratly Island chain in the South China Sea is threatening to become the next flashpoint of confrontation in Southeast Asia. Tensions are currently running high between China and Vietnam over the disputed islands, because of Beijing's signing of an agreement in May with a US company, Crestone Energy Corporation, to explore for oil between the Spratlys and Vietnam's southeast coast.

Hanoi wants China to rescind the agreement with Crestone, claiming the area actually lies on Vietnam's continental shelf, which forms the basis for Hanoi's claim of sovereignty over the Spratlys. Hanoi says Beijing established its military presence in the Spratly chain by force in 1988, when it sank three Vietnamese naval supply ships, killed 72 Vietnamese sailors and took nine others prisoner.

Adding more fuel, China said on Thursday that it would protect its interests in the oil exploration by the Denver-based corporation near the scattered group of dozens of uninhabited atolls and shoals. Chinese Foreign Minister Wu Jianmin added: "The legal rights and interests of foreign investors conducting business on Chinese territory will be protected by Chinese laws." The foreign minister did not specify whether China was prepared again to use force against Vietnam, if Hanoi was willing to press its claims. In accordance with a territorial waters law passed by the Chinese legislature this March, Beijing has sovereignty over all the Spratly Islands and would use force to resist "encroachment" of the islands' waters.

In addition to Vietnam and China, the Spratlys are also claimed by Malaysia, Taiwan, the Philippines and Brunei. All the claimants, except Brunei, have troops on some of the islands. Vietnam has troops on 21 of the 105 islands, shoals and reefs in the chain. China has a military pressence on six, the Philippines on eight, Malaysia on three and Taiwan on one.

As it is right now, the prospects for solving the territorial problems are not very bright as there is no evidence of the six countries relaxing their claims to the chain of islands striding crucial sea lanes between the island of Borneo and Vietnam.

Malaysia's King Sultan Azlan Shah recently reasserted his country's claim to the Spratlys by inspecting troops stationed on one of the islands. Kuala Lumpur reasserted its commitment to strengthen its sea defence because of "conflicting claims" by several countries over the chain of islands. The Malaysian Navy has been beefed up with the purchase of two British-made corvettes at a cost of M$1 billion (US $388-million), expected to be delivered to the country in 40 months. The vessels will be among the most formidable in the ASEAN region as they are expected to be equipped with British Aerospace Vertical Launch Seawolf and Aerospatiale MM40 Exocet anti-ship missiles, German MTU engines, and GEC radars, command and control systems.

Malaysia also was the first to develop part of the Spratlys for tourism, building a resort on Terumbu atoll.

A Philippine law declared the Spratly Islands part of Philippine territory in 1958, naming them Kalyaan. Manila lays claim to 53 islands, shoals and reefs near the Philippine island-province of Palawan. In late March, the Philippines arrested seven Chinese fishermen in the islands. They were charged with illegal entry and use of cyanide in fishing, which is illegal in the Philippines. Manila quietly deported the fishermen the following month after secret negotiations with Beijing.

Taiwan claims the Spratlys, which it calls Nansha, as part of its formal claim of sovereignty over all of China. It maintains a military base, including a radar station and support facilities for visiting Taiwanese fishing boats on Taiping Island in the centre of the chain.

Brunei claims the Louisa Reef in the southwestern end of the chain of islands and protested, via the British Government, against the 1979 claim by Malaysia.

China and Vietnam's claims on the Spratlys go back several centuries, according to what legal experts termed as "time immemorial," whereas Malaysia and other countries supported their claims only after the United Nations' Law of the Convention of the Sea was recognized by international maritime jurisdiction in 1979.

Clearly, all six claimants play a critical role in determining war and peace in the South China Sea and diplomacy should be pursued to its fullest by the parties concerned in settling the dispute. The 18-point statement issued at the recently-concluded four-day workshop in Jakarta seeking to diffuse the potential conflict could serve as a good guideline.

The participants to the Jakarta workship said in the 18-point statement that they would recommend to their respective governments the use of dialogue and negotiations, instead of force, to settle territorial and jurisdictional disputes. They also agreed to recommend self restraint "in order not to complicate the situation."

Though joint development of the Spratlys is the best solution to resolve the conflicting claims, rather than an arms buildup in the region, the joint activities by littoral states should be curtailed for the time being in order that an assessment be made on the resources in the chain of islands, and on ways to develop them. Cooperative efforts could be undertaken in researching and assessing the resources, but that cooperation in exploiting them should come at a later stage.

The Cold War is over, a peaceful solution is in sight in Cambodia, and the region should not be drawn into another conflict again.

Cambodian Bandits Attack Border Villagers

BK0607015592 Bangkok BANGKOK POST in English 6 Jul 92 p 6

[Text] Aranyaprathet—Two Thai women were seriously wounded while a couple sustained injuries when a pick-up truck in which they were travelling tripped a landmine planted by Cambodian bandits to rob motorists and travellers.

Police said Mrs Bun Yongphet, 64, a resident of Ban Non Mak Mun, sustained injuries in the stomach caused by flying shrapnel while Mrs Bunhuey Kammun, 42, from the same village, was shot in the right leg. The driver, Mr Wirat Phongpan, and his wife, Mrs Bunsuan, escaped serious injuries.

Police said about eight heavily-armed Cambodian bandits slipped a kilometre into Thai territory nand planted the landmine on the road that links Ban Pa Rai Mai to Ban Dong Ngu. They then waited behind roadside bushes for passing vehicles.

At about 8.30 a.m. Wirat, on way to Poipet to buy dried fish, drove his pick-up truck to the ambush point. Travelling wit him were his wife and the two women.

The landmine detonated as it came in contact with the pick-up truck and the bandits sprang out from the bushes and opened fire on the vehicle.

Wirat kept driving and managed to steer the damaged vehicle, its windshields shattered, to a safe distance.

Wirat and his wife later abandoned the car, leaving behind the two seriously wounded women, to seek help from the nearest army and police checkpoint.

A rescue unit was sent to the ambush spot but by the time it arrived the bandits had already fled into Cambodia.

The two women and Wirat and his wife were taken to the district hospital for treatment.

Police said the bandit gangs had become more bold and were now resorting to more violent means to rob motorist and travellers.

250,000 Burmese Illegal Aliens Slip Over Border

BK0407032892 Bangkok BANGKOK POST in English 4 Jul 92 p 2

[Text] Tak—About 250,000 Burmese illegal aliens have slipped into Thailand through this province's five border districts in the past several years, a senior official said yesterday.

National Security Council Deputy Secretary General Khachaphai Burutphat said about 150,000 Burmese slipped across the border to seek jobs in Thailand and 100,000 others have fled fighting inside Burma since 1984 to seek political asylum in Thailand.

Although about 2,000 Burmese have been sent home each month, more keep slipping into Thailand.

"We don't have a policy on aliens seeking labour intensive jobs.

"The problem remains unsolved because the Thai-Burmese border is more than 2,300 km long," Mr Khachatphai said.

After meeting chief district officers of the five districts to discuss the border situation, he said the authorities are devising ways to keep Burmese aliens from migrating to provinces which do not have a border with Burma.

However, with some changes in the Burmese leadership, an end to the crackdown on anti-Rangoon minorities and the release of some political prisoners, the problem of Burmese migration into Thailand will ease, he said.

Western Boycott of Military Heads Denied

BK0307141792 Bangkok Army Television Channel 5 in Thai 1230 GMT 3 Jul 92

[Text] Director of the Supreme Command Information Office Lieutenant General Anuson Kritsanaserani confirmed relations as usual between Thai Armed Forces leaders and foreign diplomats. He denied a report by certain newspapers which said ambassadors of Western countries in Thailand, including the United States, Australia, and the United Kingdom, had suspended direct contact with military leaders, namely, Supreme Commander and Air Force Chief Air Chief Marshal Kaset Rotchananin and Army Commander General Itsaraphong Nunphakdi. Lt. Gen. Anuson said that the military had checked with those embassies and received confirmation that their relations with the Thai Armed Forces remain unchanged. Joint military exercises and missions of the respective military attaches also continue as usual.

Lt. Gen. Anuson also reported that a Thai soldier was wounded when a car carrying Army engineers belonging to the 2d Task Force Battalion was ambushed in Cambodia. The soldiers were returning to their camp in Battambang after fetching vehicle spare parts in Poipet. They were delayed by a car breakdown and had to travel when it was already dark. Lt. Gen. Anuson said the identity of the Cambodian troops who fired on the car was not established, but he said the wounded soldier had been admitted to the hospital in Prachin Buri Province and was reported safe now.

Abadia Admits Inability To Defend Air Space

HK0207064692 Manila THE CHRONICLE in English 2 Jul 92 p 3

[By Frank Longid Jr.]

[Text] The Philippine Air Force [PAF] yesterday asked the new government of Fidel Ramos to work for a separate budget for its modernization, saying the country is now virtually unable to defend its airspace.

At a news conference in Vilamor Air Base, Maj. Gen. Loven Abadia, PAF chief, said the PAF needs at least P12 billion [pesos] more to complete the 10-year modernization program launched three years ago.

He said the fund should be separate from the money allocated annually by Congress for PAF operating expenses. "it is very hard with our meager resources 'na yung budget ng Armed Forces, kasama yung' modernization, [if the Armed Forces budget includes modernization]" Abadia said, adding that the PAF is now crafting proposed legislation for the modernization program "so that every year hindi na kami pupunta sa Congress [we will not need to go to Congress every year]."

He noted that the Department of Public Works and Highways has a separate budget for infrastructure projects. He said the PAF pales in comparison with the air forces of other nations in the region, which he said boast top-of-the-line multi-role fighter aircraft.

Although the training and transport capabilities of the PAF were adequate, he said the PAF's primary role of securing the country from foreign intrusion has been neglected for the past 20 years. He said the late President Marcos had shaped the Armed Forces to counter internal threats like the communist insurgency.

"Our air defense capability is zero," he stressed, adding that the Philippines could only resort to diplomatic protest "if anyone invades our airspace."

This year, he said, the PAF needs P1.3 billion for the down payment for the purchase of 18 Israeli-made Kfir fighter interceptors. He said another P4 billion is needed for next year.

The PAF modernization program began in 1989 with the purchase of 18 U.S.-made MG 520 attack helicopters, 16 Italian S-211 jet trainers and 15 OV-10 "Broncos", twin-engine bombers which will fulfill the role formerly performed by PAF's aging T-28 Tora-tora planes.

"We only have six fighter aircraft left, only two of which are mission-capable," Abadia told the media.

Sunthon Says People 'Do Not Accept' Military

BK0507144492 Bangkok Army Television Channel 5 in Thai 1320 GMT 5 Jul 92

[Text] Speaking to reporters during an interview a moment ago, General Sunthon Khongsomphong [chairman of the now defunct National Peacekeeping Council], who just returned from France this morning, said that the unrest during the period from 17 to 20 May must serve as a lesson and be remembered by every Thai person. He said:

[Begin recording] [Sunthon] We regret the incident. I want to reaffirm here that I have fulfilled every part of my duty and I do not want to go back to the past.

[Unidentified reporter] Will you not sacrifice yourself to solve the country's problems at this moment?

[Sunthon] How can I solve the problems since I have neither authority [preceding word in English] nor responsibility [preceding word in English].

[Unidentified reporter] If you are appointed...

[Sunthon, interrupting] That is impossible. However, if that is the case, I will have to think first if I can solve the country's problems or not. If I come in but cannot do anything, I will only waste my efforts. Besides, the people do not accept us. The majority do not accept the military. But the military is still a necessity for national defense. [End recording]

'Analysis' Views Party Preparations for Elections

BK0507014892 Bangkok BANGKOK POST in English 5 Jul 92 p 4

["Weekend Analysis" by Banyat Thatsaniyawet]

[Text] Pro-democracy political parties appear to be in full bloom after the political storm of "Black May" and are preparing for a new chance for one of their leaders to become prime minister.

Meanwhile, parties that served the forces of dictatorship are in panic as political chameleons try to change their colours while hoping people don't notice.

That scenario follows Prime Minister Anan Panyarachun's dissolution of Parliament last Tuesday.

The four former opposition parties, which together fought dictatorship, have maintained their alliance since the dissolution but will compete to capture as many seats as possible with the premiership a bonus for their success at the polls.

The image of thousands of soldiers marching towards a pro-democracy crowd, culminating in a bloodbath, is still strong in the minds of many people. New Aspiration, Phalang Tham, the Democrats and Solidarity are the only parties that stand on firm ground with such electors.

The five parties that supported Gen Suchinda Khraprayun—Samakkhi Tham, Chat Thai, Social Action [SAP], Prachakon Thai and Ratsadon—are struggling to survive in a climate of political awareness.

Samakkhi Tham, core of the previous government, is in a state of political bankruptcy. Senior adviser Gen Athit Kamlang-ek has split and, with his group, is reportedly seeking a way to return to the Puangchon Chao Thai Party.

Buntheng Thongsawat and his group are also waiting to switch to the new Seriphap (Liberty) Party which is being registred. Chawalit Osathanukro's group, which came from the SAP, is also waiting for its Siam Prachatippatai (Siam Democracy) Party to be registered.

A group of young former MPs from Samakkhi Tham and other parties are attempting to form a new party and want former House Speaker Athit Urairat to be their leader.

The Interior Ministry said six new parties are being registered. They are Siam Prachatippatai, Seriphap, Siam, Songsoem Prachatippatai, Pracha Thai and Kaset Seri. Two other parties, Phalang Prachachon and Prachachon Thai, have only just applied to be registered.

The ministry said it is not certain if they can all be processed and registered as parties before the candidate registration dates of July 27-31.

Inability to set up a new party in time may see Mr Chawalit Osathanukor's group joining Gen Athit's in the

Puangchon Chaothai Party. A Soi Ratchakhru group led by Kon Thappharangsi may switch from Chat Thai to join them.

After former party leader Gen Chatchai Chunhawan declined to return to lead Chat Thai, many of its MPs are likely to defect to other parties.

The SAP will continue but the number of its MPs will probably be even smaller. The same is true for Prachakon Thai.

Former Phalang Tham leader Maj-Gen Chamlong Simuang, it cannot be denied, played a brave role in leading the pro-democracy protest which finally forced Gen Suchinda to resign as premier and to get the Constitution amended to require the next prime minister to be an elected MP. Without him this would not have occurred.

But the outcome of the clash between unarmed people and fully armed troops leaves in question the pious image of Maj-Gen Chamlong in the eyes of the general public, particularly those in Bangkok.

This will affect the political direction of Maj-Gen Chamlong and his party in the election, especially in Bangkok where Phalang Tham may not achieve such an overwhelming a victory as in the last poll when it swept 32 of the capital's 35 seats.

Whether or not Phalang Tham can retain its seats or add to them will depend on its performance in the provinces, particularly the South, which still appreciates his action during the protest.

The Democrats are the only party that clearly will benefit most from the election. Even though the party objected to some of the protest moves, it appears to be pleasing the middle class in Bangkok who have been the force driving the protest. The party has always kept on the democratic path while being willing to compromise at all times.

The Democrats, who won only one seat in Bangkok last time, may win more off Phalang Tham and Prachakon Thai this time. The hopes of Chuan Likphai, who failed to form a government before the dissolution, may come true after the election.

New Aspiration did not benefit greatly during the political crisis, despite having fought against dictatorship. This may be because of the image of influential figures like the godfather of Isan, Sia Leng, as a key party financier while its MPs were accused by some of large scale vote-buying.

New Aspiration has the advantage of having won 72 seats last time and will have a head start over new challengers in the provinces this time. Party leader Gen Chawalit Yongchaiyut is clearly in the running for the premiership, particularly when the power of the military is low.

Solidarity, the smallest party but of high quality, will not be joining Phalang Tham after all, with merger efforts falling flat. But its southern MPs will be joining Phalang Tham to compete with the Democrats in the South.

Solidarity is about to change its administrative committee and will be bringing in Mongkhon Simarot, a former Prachakon Thai candidate for the Bangkok governorship and a wealthy oil merchant, as its new secretary-general. He will succeed Uthai Phimchaichon, who will become party leader. Bunchu Rotchanasathian, the current leader, is apparently moving to New Aspiration.

The election on September 13 will reveal whether the dead and missing in the May tragedy have suffered in vain. They will have done so if MPs of military-supported parties are returned in large numbers and set up the new government.

Enforcement of New Copyright Law Expected

BK0407042492 Bangkok Radio Thailand Network in English 0000 GMT 4 Jul 92

[Text] Thailand is getting ready for the enforcement of the new copyright law expected this October. Deputy Director General of the Department of Intellectual Property Yanyong Phongwat said that cases concerning copyright violation would have to be expedited in court. To bring about better understanding on the legislation and court procedures, the Ministry of Justice has scheduled a seminar on 9 July for prosecutors and judges of the civil court, appeals court, and the supreme court. Mr. Yanyong said that even with the new law, delay in court cases has caused dissatisfaction and irritation to the U.S. side. Out-of-court settlement has also been mentioned as unacceptable. He said that Thailand admitted the delay and authorities would try to rectify the situation. However, legislating is for the country's interest, not to satisfy other countries. Out-of-court settlement for cases involving small damages can also be carried out between parties concerned. The seminar exemplifies the importance Thai judiciary attaches to the implementation of the copyright law.

Chamlong To Consider Party Offer for Premiership

BK0507010292 Bangkok BANGKOK POST in English 5 Jul 92 p 1, 3

[Text] Former Phalang Tham Party Party [PDP] leader Chamlong Simuang said yesterday he will not oppose the party's resolution supporting him for the premiership.

However, he said he has no ambition to become prime minister. Phalang Tham earlier adopted a resolution to campaign on the issue of supporting Maj-Gen Chamlong to become the next prime minister.

He said his position on the premiership does not contradict his previous statement during the May 17-20 protests that he would not accept any political portfolios, including the prime ministerial post.

The previous statement was intended to mean he would not accept any political posts because of his involvement in the protests, he said, adding the Phalang Tham Party's support for his premiership has nothing to do with the protests.

The former Bangkok governor said he wants to contest the election in his old Constituency Two if there is no objection from the party's executive committee.

He said he will continue to campaign for his party's candidates, but will not travel as much as before because "someone wants to harm him."

He did not elaborate on his potential assailants but said they have not abandoned their intention to harm him.

Maj-Gen Chamlong said the possibility of his returning as party leader depends on the political situation.

Maj Gen Chamlong also said Phalang Tham is approaching Sqn Ldr [Squadron Leader] Prasong Sunsiri to stand for the party. He said he is close to Sqn Ldr Prasong and has asked him to join the election team but no answer has been received yet.

He said he is not worried by the Democrats' booklet criticising him for having moved the crowd out of Sanam Luang to Ratchadamnoen Avenue during the May protest. He said he acted according to the collective decision of the Confederation for Democracy.

"If the Democrats or any other party did not agree with this, it's okay, because if they did not agree they would not have taken part in the protest that day," he said.

The party yesterday formally welcomed three Solidarity members, Chamni Sakdiset, Sutham Saengprathum, and Witthaya Kaeopharadai into its ranks. The trio are to run in Nakhon Si Thammarat's Constituency 3.

Mr Chamni said he decided to quit the Solidarity Party because he supports the PDP's fight for a prime minister to be chosen from elected MPs.

He said southern people will consider parties rather than individuals in the election.

"To strengthen the democratic force, we have decided to join PDP.

This decision was meant to realign our political movement to the PDP which has expanded widely enough to successfully contest the election," the ex-MP said.

He claimed Solidarity leader Bunchu Rotchanasathian and secretary-general Uthai Phimchaichon did not mind his defecting to the PDP, but whether these prominent politicians will also join PDP is a delicate matter and depends on their possible positions.

Mr Sutham said he joined the PDP because he shares its political views.

A party source said former National Security Council chief Prasong Sunsiri will contest the election in Bangkok for the PDP.

Imperial Hotel chain president Akon Huntrakun is also expected to stand for the PDP in Bangkok.

Chatchai Said To Accept Chat Thai Leadership

BK0607134992 Bangkok Radio Thailand Network in Thai 1200 GMT 6 Jul 92

[Text] Praphat Phosuthon, a Chat Thai Party member, informed reporters at Paolo Hospital that middle echelon party members have tried to encourage reconciliation between senior party officials. At a meeting last night, General Chatchai Chunhawan agreed to accept the party leadership post, with Police General Praman Adireksan serving as chairman of the party advisory committee and Banhan Sinlapa-acha as party secretary general. He said Gen. Chatchai will set no conditions for accepting the party leadership post because he does not want to see the party weakened. Praphat said some people believe that Banhan's management was responsible for the party's tarnished image but he felt that everyone made mistakes at some time. In any event, he said the three senior party officials are confident in leading the Chat Thai Party in the future.

Asked if the asset confiscation order will affect Gen. Chatchai's chance as prime minister, Praphat said there would be no problem, noting that the premier post hinges on commanding majority number of seats in parliament. The asset confiscation issue is currently in the court, which is expected to make its ruling before the election.

Chatchai Return Renews Party

BK0707023392 Bangkok THE NATION in English 7 Jul 92 p A6

[Editorial: "Chat Thai Back on Top"]

[Text] Gen Chatchai Chunhawan's decision to return to lead Chat Thai without removing Banhan Sinlapa-acha from the secretary-general's post represents a key victory for Banhan, the party's chief paymaster. It also saves the party from disintegration and significantly increases its chances of attracting "homeless" politicians and thus winning the most House seats in the Sept 13 general election.

With Chatchai back at the helm, replacing ACM [Air Chief Marshal] Sombun Rahong, former Chat Thai MPs who have either quit the party or are contemplating leaving will stay because they admire the deposed premier's leadership.

Senior party executives Kon Thappharangsi Chatchai's nephew, and Det Bunlong, Chatchai's personal lawyer, who had planned to lead their followers to another party, have given up on the idea. Their allies in Samakkhi Tham, Gen Athit Kamlang-ek and Suwat Liptaphanlop will probably switch to Chat Thai. The arrival of Suwat will virtually guarantee Chatchai's election in Nakhon Ratchasima's Constituency No 1, where Suwat the son of a construction tycoon, came first in the previous two elections. In the July 1988 election, Suwat (who was then a member of Puangchon Chao Thai) beat Chatchai by 35,500 votes.

Also staying put is Wattana Atsawahem and his team from Samut Prakan. It was Wattana's political coat-tails that enabled Sombun to ride to victory in his first election in the province. Wattana had said he and his team would probably return to Ratsadon if Chatchai did not take over the party.

Chat Thai won 74 House seats in the March 22 election and was the second largest party, next to Samakkhi Tham, which won 79. But unlike Samakkhi Tham, which is breaking into pieces, most of the 74 former Chat Thai MPs will now probably stay on under Chatchai, who led the party between 1984 and 1991.

Chatchai's magnetism and Banhan's wealth will certainly attract several other politicians from Samakkhi Tham apart from Gen Athit and Suwat. And the party now has a very good prospect of being the largest winner in the upcoming election.

But paradoxically, Banhan himself, because of his role during the May crisis, appears to be the main obstacle that Chatchai faces in his attempt to regain power in Government House. Banhan had a big say in bringing Chat Thai into the pro-military coalition backing ex-army chief Gen Suchinda Khraprayun after the March 22 election. The irony of this was extreme given that a Chat Thai-led government had been toppled by Suchinda and his friends in the Feb 23, 1991 coup.

The coup-makers sacked Chatchai from the premiership, forced him to resign as Chat Thai leader and announce his intention to retire from politics in exchange for his freedom. Chatchai even endorsed Sombun, a retired air chief marshal and a friend of one of the coup leaders, air force chief ACM Kaset Rotchananin, to succeed him as leader of Chat Thai.

In handing over the party to Sombun, Chatchai understood that he wouldn't be declared "unusually wealthy" by the assets investigation committee set up by the coup-makers. But as it turned out, to Chatchai's dismay, he was one of the first to have part of his assets (an estimated Bt[baht]266.5 million worth) confiscated by the committee. Chatchai is appealing the seizure in court and he will contend that his return to politics is part of his attempt to clear his name.

Banhan, on the other hand, was cleared by the investigation committee and has invested a great deal of his considerable wealth in his party in the March 22 election. The crucial importance of this financial backing to Chat Thai has been clearly shown by Chatchai's inability to edge Banhan out. The secretary general's control of the party is firm, at least for the time being.

Chatchai and Banhan need each other if Chat Thai is going to move on to election victory. They can easily bury the hatchet and hide their differences behind smiles. How the electorate will respond to this "born-again" alliance is another matter, however.

By dwelling on his plight as a "victim" of Suchinda and the military, Chatchai may be able to gain some support for Chat Thai. Banhan will have a much harder time of it, however—his image is still that of the chief cheerleader for Suchinda's controversial premiership.

All of Chat Thai's opponents will waste no time in reminding voters that Chat Thai was part of the Suchinda coalition and therefore must be held partly responsible for the massacre of demonstrators during the May crisis. But how responsive the rural voters will be to this argument is still unclear.

As of now Chat Thai is the party to beat as its political strongholds are all outside Bangkok, where most of the eligible voters were largely unaffected by the bloodshed of May.

Chat Thai, Other Parties Move To Restructure

BK0507015492 Bangkok THE NATION in English 5 Jul 92 p A4

["Sideline" by Sophon Ongkhara]

[Text] Members of the five promilitary political parties are in a total disarray following the dissolution of the House of Representatives. Many are scurrying for new means to restore their personal image which had been badly tainted by their own behaviour.

They are quickly changing their colours again sand this is not beyond public expectation. Not only that, they are running around for new party banners which, they think, will at least serve as a new mask to fool gullible voters who will then returnd them to the House.

Samakkhi Tham Party will certainly disintegrate into small parties. The members know that the party banner stinks and the key leaders have been among the political villians before the haunted House was dissolved.

Only one man, Dr Athit Urairat, emerged from the rubble of the party smelling much sweeter than the day he first joined the ad hoc party formed to serve the interests of the politically ambitious country-club generals. He is being wooed by fellow politicians who expect to ride on his coat-tails back into the House.

Samakkhi Tham, as we know all along, had no clear political platform, policy, or an agenda to run the country in a way that it could truly benefit the people. It was much like a gallery of rogues, whose prime interest was for anything and everything that did not include serving the public. Well-financed and temporarily well-disciplined under a group of air force bullies as the members had been, they refused however to hold together when the ship was sinking with the patrons drowning in deep troubles. It was everybody for himself again.

The breakup of Samakkhi Tham was no surprise to political observers. What is left will be a skeleton comprising some hard core and die hard co-founders who either cannot go elsewhere or still believe that they would be able to fool the voters again. Certainly, the party will be around after the Sept 13 general election, but with a far less number of MPs.

On the other hand, the ability of Chat Thai Party to weather the numerous crisis plaguing it, was remarkable. Again we know that the faction-ridden, pro-military party managed to stick together—and was able to attract more political heavyweights with unsavoury image—through all these years because it had adhered to the party's doctrine that: "We must be in government by all means". Anything else is secondary.

But now, Chat Thai is slowly succumbing to the wasting-disease afflicted on Samakkhi Tham. Key members are saying goodbye to the party. They want to be an old wine under a new label. The taste will be the same, rancid to the tongue, but those in the breakaway group cherish a hope that with a new brand during the promotion campaigns, they will succeed again in both hard and soft sell as long as there is enough money to splash around.

The departure includes young and old faces, including an ageing co-founder long known for his immodest statement that he would crawl all the way to a Cabinet seat, if need be. The young ones still have relatively bright prospects if they quickly jump off the Chat Thai bandwagon. The majority of the party members suddenly want to become good men, thinking their sins could be atoned by just switching sides.

For many people, it must have been very self-gratifying to see many of the political nogoodniks mopping the sweat from their eyebrows. Particularly so are the ones who had given false hope of help to their constituents. It is an embarrassing moment for them to face the same voters with questioning eyes while the promises remain unfulfilled. Some will need a reminder as to what pledges they had made simply because they were not to be delivered in the first place.

Chat Thai will become a victim of its own doing. One distinctive quality of the party's top echelons is the lack of gratitude to former leader, Gen Chatchai Chunhawan. The public still remembers that it was the former prime minister who had wanted to save the party from a shattered image when he suggested that Chuan Likphai, leader of Democrat Party leader, should have been nominated to the premiership instead of the ex-Chat Thai chief, ACM [Air Chief Marshal] Sombun Rahong.

But arrogance and intransigence prevailed, as we all later learned. The party's bigwigs scoffed at Chatchai and sneered at his advice. "Who is he? He is not even a party member now," the power-blind and power-greedy creme de la creme in Chat Thai protested in unison, and the shout found a chorus amsong the cash-strapped junior members. So the former party leader was treated like a pariah by his peers.

When the House was dissolved and Sombun quit as the party leader, Chat Thai was caught in an embarrassing situation—it could not find a good and respectable figure to rescue the party which was mired in the political morass.

Chat Thai bigwigs begged Chatchai to return from London and bragged about his leadership quality. They easily forgot what they had said before he left for London without even a send-off party. After his arrival at Don Muang last week, the foul-mouthed leaders hid their fangs and struggled to find some nice words in their greetings, and escorted Chatchai as if another Moses was coming down from the mountains.

The power-blind big shots were brought back to their senses out of the necessity to keep their noses above the water. They all had not lost another distinctive quality after all—the undisputed champion of all political chameleons. There is no limited scope for their mercurial quality. From time to time, they exercised this flair to one another in the party as well just to hone their skills.

After their crisis meeting, Chatchai eventually turned down the offer for party leadership after his conditions could not be accepted. Among them was that the role of some key members must be curtailed. So Chatchai—who once said that a man like him must never be underestimated under any circumstances—walked away from a new political entrapment by simply making a new suggestion which, he knew, could never be accepted. That includes the removal of Banhan Sinlapa-acha as party secretary general.

An ironic fact was that Banhan, the most powerful man in the party as far as clout and big money are concerned, happened to serve as the destabilizing factor. Banhan, who still commands a large following of cash-starved members, remains in his impregnable position.

The defection of Chat Thai members and Chatchai's refusal were a result of the same cause—the infighting over Banhan's firm grip on the party hold. The ex-MP from Suphanburi Province miraculously got excluded from the list of politicians whose wealth was questionable. This was a big wonder because Chatchai himself is still nailed with the group branded as the political wild bunch.

Social Action and Prachakon Thai parties are also undergoing a painful structural adjustment with members looking for a greener pasture or better shelter. SAP will survive because the ex-MPs rely more on rural voters. Prachakon Thai will be lucky enough if it could regain its seven seats in the House.

It will take sometime before the dust from the political camp switching settles. But no matter what banners these political fortune hunters go under, they will regroup under more or less the same structure of a pro-military alliance after the general elections. Their colours will be back to the same shade. It will be too much wishful thinking if we think that many of them will fail in the polls.

Let's just hope that the evil empire of the pro-military alliance will not strike back, thus leading us to another bloodbath.

Committee Set Up To Pressure May Unrest Probe

BK0607020992 Bangkok THE NATION in English 6 Jul 92 pp A1, A2

[Text] The pro-democracy movement, impatient with what it says is a delay in the government search for people missing in the May political violence, set up a committee yesterday to pressure the interim administration to speed up the search and punish those responsible for the tragedy.

The setting up of the "May '92 Heroes' Relatives Committee", which will also push for a monument to commemorate the bloody uprising, is the first show of the pro-democracy movement's dissatisfaction with Prime Minister Anan Panyarachun's interim government.

The committee was set up by the Campaign for Popular Democracy (CPD) and the Student Federation of Thailand (SFT), which form the basis of the extended pro-democracy movement.

"The committee will press for a speedy search for missing people and the ones who ordered troops to fire on the people," CPD Chairman Chan Keowchusai said. "It will also coordinate moves to push for the setting up of a monument to the May heroes."

The committee will seek cooperation from newspapers in publishing pictures and personal records of missing people. The panel comprises relatives of people killed or missing in the May military crackdown on pro-democracy protesters as well as those who were injured in the suppression.

The pro-democracy movement maintained yesterday that the number of missing people remained at more than 700. Of these, 565 were included in lists compiled by private hot-line centres. The interior Ministry has insisted that only about 200 people believed to have been involved with the May political rallies are still unaccounted for.

Anan himself has been criticized for joking about the issue of missing people, whom he compared with those in New York's long-standing list of people who have disappeared.

SFT leader Prinya Tewanarumitkun said the pro-democracy movement was "disappointed" with the Anan government's performance regarding the May massacre.

"There has been little progress in the search for missing people and the government seems not serious in trying to find and punish the culprits," said Prinya.

The Anan government has said it will take necessary action after investigations into the May events are completed. The prime minister has also hinted at the possible restructuring of the military leadership.

But Prinya said hopes of bringing to justice those responsible for the bloodshed had been suppressed by the controversial attitude of the official committee investigating the violence.

Prinya said it seemed to him that committee Chairman Sophon Rattanakon had tried to defend the military who used lethal force to quell unarmed demonstrators during May 17-20.

"It's strange that he had defended the military," Prinya said. "We should not expect any satisfactory outcome from the committee's investigation."

Prinya said he believed that the committee "wants reconciliation rather than a serious solution" to the political problems created by the May crisis.

Last Wednesday, after questioning Supreme commander ACM Kaset Rotchananin and Army chief Gen Itsaraphong Nunphakdi, Sophon said the use of force to quell protesters was "procedurally correct".

He added that former prime minister Gen Suchinda Khraprayun may not have been involved in the actual bloody crackdown.

He said he had yet to decide whether to summon Suchinda to testify before the committee.

"But I should think Gen Suchinda was not involved, as the application of force was made in the context of the (Phairi Phinaat or "crush the enemy") operation," he said.

Adun Kieoboribun, member of the May '92 Heroes' Relatives Committee, asked military leaders to resign to "ensure the fairness of the probe, reduce the difficulties the government and investigators are facing and facilitate the search for missing people".

Meanwhile, a social activist and member of the People's Rights' Protection Group Waranchai Chokchana issued a statement yesterday criticizing the government committee of allegedly failing to maintain neutrality in the probe.

He also criticized Anan for failing to remove top military officers from their posts. Today, he will submit the statement to the government committee at Baan Phitsanulok, a government guesthouse.

Vietnam

ASEAN Investment Urged Before U.S. Embargo Ends

BK0707014592 Bangkok BANGKOK POST in English 7 Jul 92 p 26

[Text] Vietnam is encouraging ASEAN countries to invest there before the scheduled lifting of a 30-year-old United States embargo on the country next year makes it harder for them to compete.

Vietnam's Ministry of Trade and Tourism says entering the emerging market before the embargo is lifted will enable ASEAN countries to take advantage of the fact that there are few existing competitors as well as their geographical proximity and cultural links.

The ministry, in cooperation with Singaporean seminar organiser Communication International Associates Pte, will tour ASEAN countries to promote the Vietnam-ASEAN '92, seminar which will be held from October 8-12 in Hanoi.

The seminar will enable ASEAN businessmen to meet with more than 5,000 prospective Vietnamese businessmen and manufacturers.

As the country's centrally-planned economy is turned into a market economy under the "Doimoi" economic reform policy, the face of business in Vietnam has changed radically.

Thai-Vietnamese trade increased from US$100,000 (2.5 million baht) in 1986 to US$19.6 million (490 million baht) in 1990. ASEAN investment in 16 projects, worth US$35 million (875 million baht), in 1990 had also spiraled to 54 projects, worth US$220 million (5,500 million baht), by February 1992.

ASEAN joint ventures with Vietnamese investors account for 13.5 percent of total joint venture projects, while the combined investment cost of ASEAN projects was equivalent to 7.7 percent of the entire volume in the country.

Thailand has proceeded with 23 projects worth US$42.2 million (1,055 million baht).

Malaysia is the largest ASEAN investor in Vietnam. In April this year, Malaysia and Vietnam signed economic and technical agreements including postal and telecommunications agreements and an agreement to provide technical assistance for the Vietnamese rubber industry.

Vietnamese officials believe ASEAN countries are well positioned to take advantage of the growing market in Vietnam.

ASEAN enterpreneurs and companies have a definite edge as the Vietnamese Government is eager to join ASEAN and has indicated a preference for goods and services and technical know how from the region.

The US business sector has applied pressure to Washington and is eager to carve out a niche in what it sees as a buoyant new market. In the meantime, the US has promised Vietnam about US$3 million (75 million baht) a year in humanitarian aid.

Asked about the various obstacles encountered by both Thai and foreign investors in Vietnam, the officials said the Government had been trying to improve the situation but Vietnam had only recently opened up to foreign investors.

Vietnam is seeking countries or corporations which are interested in investing in huge new infrastructure projects.

At the beginning of this year, the US relaxed its embargo by allowing a conglomerate to set up a telecommunications system in Vietnam.

Vietnam has also hurried to construct industrial ports.

But the most serious problem encountered by foreign investors is the shortage of electricity, which frequently causes blackouts.

The officials said the Government was trying to solve the problem by building an electricity transfer machine to supply power from the north, which has abundant electricity, to the south.

Trade Agreement Signed With Russian Government

BK0607152792 Hanoi VNA in English 1358 GMT 6 Jul 92

[Text] Hanoi VNA July 6—Russia and Vietnam have signed in Moscow a protocol on goods exchange for 1992.

Signatories were Russian Vice Premier V.A. Makharadze and his Vietnamese counterpart, Tran Duc Luong, during the latter's official visit to Russia on July 2-4. [Hanoi Voice of Vietnam Network in Vietnamese at 1100 GMT on 5 July adds: "The protocol was signed in the presence of leaders of the Russia-Vietnam Committee for Economic, Scientific, and Technological Cooperation following talks between Tran Duc Luong, vice chairman of Vietnamese Council of Minister and Shakhray, Russian deputy prime minister."]

During his stay in Moscow, Vice Premier Luong and his party held talks with a Russian Government delegation led by Vice Premier Makharadze, met with Vice Premiers V.X. Chernomyrdin and B.C. Saltykov, and discussed with leading officials of concerned ministries bilateral cooperation in economy, trade, labour, culture, science and technology.

As regards the Russo-Vietnamese relations the two sides reaffirmed their desire to maintain and further develop their bilateral cooperation on the basis of equality, mutual benefit, for peace and stability in the region and the world as a whole. The two sides held that they can cooperate in many fields, notably fuel, energy, agriculture and food industry, consumer goods, fishery, science and technology, education and training, communication, culture, etc. They agreed to perfect their modes of cooperation in the direction of applying a market-oriented economic system and expanding direct cooperation between enterprisse and localities in suitable form.

The two sides agreed to compile a series of documents on the principles of cooperation between the two countries in the fields of investment, taxation, banking, transport, communications, science, technology, manpower...so that they will be signed at the earliest time. They also mapped out a programme of cooperation on energy, joint enterprises and setting up of production and business enterprises in Vietnam and Russia.

Vice Premier Tran Duc Luong, on behalf of the Vietnamese Government, invited Vice Premier V.A. Makharadze to pay a visit to Vietnam and attend the first session of the Vietnam-Russian inter-governmental committee for economic, scientific and technical cooperation to be held in late July.

Vietnamese Ambassador to Russia Ho Huan Nghiem and Russian Ambassador to Vietnam R. Khamidulin took part in all activities of the two government delegations.

Investment Agreement Signed With Switzerland

BK0607072392 Hanoi VNA in English 0557 GMT 6 Jul 92

[Text] Hanoi VNA July 6—An agreement on investment encouragement and protection between Vietnam and Switzerland was signed in Bern on July 3.

Signatories were Vietnamese Ambassador to Switerland Bui Hong Phuc and Swiss Secretary of State for External Relations of the Federal Department of Public Economy Franz Blankart.

According to Swiss officials in charge of foreign affairs and external economic relations, many companies of Switzerland want to enhance cooperation and joint venture with Vietnam, especially in the fields of energy, cement and fertilizer production. The Swiss Government promised to help Vietnam in personnel training, first and foremost in the fields of banking and finance.

Army Paper Criticizes China's Stand on Spratlys

BK0507115692 Hanoi Voice of Vietnam Network in Vietnamese 1000 GMT 5 Jul 92

[From the Press Review]

[Text] QUAN DOI NHAN DAN today carries an article entitled: "Ways To Settle Conflicts in the Eastern Sea," in connection with the informal conference of 10 sovereign countries in the region, organized recently in Indonesia. The article says that the conference has won keen interest from a broad segment of public opinion.

The article says: At the conference, many countries held that China has adopted a swerving [truwowes sau khoong nhuw mootj] stand on sovereignty over islands in the Eastern Sea, thus creating suspicion among countries concerned over China's willingness to cooperate in settling conflicts through peaceful negotiations. During the conference, it was noted that the Eastern Sea is a very sensitive region, having direct effects on peace and stability in Southeast Asia. Most countries attending the conference unanimously contended that the countries concerned should not carry out actions that will worsen the situation, which still has hidden dangers.

The article further says that no country has the right to impose its own interests in the region, that parties concerned must not resort to the use of forces but they must settle their problems through peaceful negotiations, and that this is the correct way to resolve conflicts in the Eastern Sea.

Le Quang Dao on Ninth National Assembly Election

BK0507142792 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 Jun 92

[Interview with Le Quang Dao, vice chairman of the Council of State, chairman of the Eighth National Assembty, and vice chairman of the Council for the Election of Deputies to the Ninth National Assembly, by unidentified radio correspondent; place and date not given—recorded]

[Text] [Correspondent] Dear comrade: At its last session, the Eighth National Assembly stressed the need to reduce the size of the National Assembly and improve the quality of deputies. The selection was made carefully right from the very first rounds of consultations. Does the list of 601 candidates running as deputies to the Ninth National Assembly made public by the electoral council reflect that requirement?

[Le Quang Dao] As you may already know, prompted by the need to truly improve the efficiency of the National Assembly and create conditions for the people to select good quality and competent deputies to represent them in deciding on important national issues, the new law on election of National Assembly deputies has stipulated that the total number of our National Assembly deputies may not exceed 400. Next, the Council of State has decided that the total number of deputies to the ninth National Assembly should stand at 395.

A very important issue has been raised as follows: along with the need to reduce the size of the National Assembly, measures must be taken to enhance the quality of National Assembly deputies. Consultations to recommend and select candidates and then make a list of those running as deputies to the National Assembly have all been made in accordance with set regulations and in a democratic atmosphere to guarantee strict compliance with the National Assembly deputy selection criteria as defined under Article 3 of the law on election of National Assembly deputies.

Based on the results of the third round of consultations made by the Vietnam Fatherland Front [VFF] Central

Committee Presidium and by the fatherland front committee standing bodies in the provinces and cities, the electoral council decided to make public the list of 601 candidates running as deputies to the Ninth National Assembly in the entire nation. I am fully convinced that voters throughout the country will use this list as a base for electing 395 National Assembly deputies capable of representing the people at the highest organ of state power. I am also very positive that the Ninth National Assembly will be capable of fulfilling the heavy tasks set forth by the 1992 Constitution.

[Correspondent] As already announced, during the initial rounds of consultations, altogether, there were about 40 independent candidates running as deputies to the ninth National Assembly in our entire nation. At the conclusion of the third round of consultations, only two independent candidates met the criteria for running as deputies to the National Assembly. Would you please elaborate on this fact.

[Le Quang Dao] In exercising the right to run for the election as stipulated by law, in the provinces and cities, a number of people filed applications to run for the election as independent candidates. As was the case of candidates nominated by mass societies, social organizations, and state agencies, the fatherland front committees made arrangements to solicit the opinions of voters in the localities where those independent candidates worked or lived. Based on voters' views and on National Assembly deputy selection criteria set by law, the consultations in the provinces and cities selected independent and nominated candidates and made an official list of candidates. The formation of this list did not distinguish between independent and nominated candidates. The key factor for consideration was whether or not those candidates met the selection criteria. Those meeting the criteria would be selected by the consultations and their names would be included in the list of candidates running as deputies to the National Assembly.

Regretably, in the process of filing applications and making five-step consultations to select and make an official list of candidates, only two out of 43 independent candidates correctly followed set procedures and met the National Assembly deputy selection criteria.

[Correspondent] According to the electoral council, what are the key tasks that the localities should continue focussing on from now until the election day scheduled for 19 July to make adequate preparations for the election?

[Le Quang Dao] There remain only three weeks or so from now until the election day scheduled for 19 July. This period of time is very important. The electoral council, electoral committees, local administrative organs, and fatherland front committees at all levels must concentrate efforts on satisfactorily fulfilling the following tasks:

First, it is necessary to properly organize the posting of lists of candidates and candidates' personal records as well as to create conditions for voters to meet with candidates so that the former can understand each individual candidate in their electoral unit. In this way, they may select the right deputies to the National Assembly.

Second, all sectors and echelons must adopt positive measures to accelerate production and normalize the people's livelihood. It is important to take precautions against downpours, typhoons, and flash floods as well as to get material facilities ready to secure conditions for the election to take place favorably and safely.

Third, it is necessary to organize more widespread propaganda activities aimed at making the people understand the rights and duties of National Assembly deputies, National Assembly selection criteria, and the significance and objectives of the election of deputies to the ninth National Assembly, thus encouraging everyone to positively participate in the election of National Assembly deputies.

[Correspondent] Do you have anything to tell voters and Voice of Vietnam radio listeners about what they should do with regard to the election of deputies to the Ninth National Assembly?

[Le Quang Dao] As far as our country is concerned, the people are the masters of the nation. By participating in the election of National Assembly deputies, voters can exercise their right of mastership. Therefore, each individual voter should enthusiastically participate in the election and motivate everyone to do likewise. It is necessary to firmly grasp and satisfactorily implement the law on election as well as the National Assembly deputy selection criteria. Voters should carefully study the lists of candidates and the personal records of candidates in their electoral units so that they can select the right deputies to the National Assembly. Let voters use their ballots to positively contribute to building and consolidating a state which belongs to, originates from, and serves the people.

[Correspondent] Thank you, comrade.

Council of Ministers Reviews Tasks

BK0407095392 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 3 Jul 92

[Text] The Council of Ministers held its regular conference under the chairmanship of Comrade Vo Van Kiet, chairman of the Council of Ministers, on 30 June and 1 July. The council met to appraise the implementation of state plans and budget during the first half of 1992, discuss tasks for the second half of the year, and map out policies and measures to promote foreign economic relations in the new situation.

The Council of Ministers noted that, generally speaking, the socioeconomic situation has developed positively during the first half of this year. Balances in key areas of the national economy were firmly maintained. All economic sectors and branches have made remarkable progress while most key production establishments have fulfilled or exceeded their production plan norms. The inflation rate gradually declined while improvement has been achieved in the cultural, social, security, and national defense domains. The winter-spring grain production output is expected at 10 million tonnes converted to paddy equivalent, or an increase of 2.2 million tonnes as compared to the 1991 crop and one million tonnes over the 1990 crop, which was considered one of the biggest bumper crops in many years. Production of animal husbandry, industrial crops, and subsidiary food crops has also increased considerably.

During the first half of the year, the industrial production value increased by 16.6 percent as compared to the corresponding period last year. It is noteworthy that the industrial sector, especially the local industry—after the lowest growth rate experienced in many years—has adapted itself to the new mechanism, thus gradually achieving stabilization and making rapid progress. Achievements were seen in the central, local, as well as the state-run and nonstate industrial production establishments. Raw material requirements for the production of consumer goods have been met thanks to the improvement in the transportation and marketing system nationwide. Market prices have gradually been stabilized, including the prices of gold and the U.S. dollar. This has created a favorable condition for developing production and business and for improving the people's daily life.

Although the collection of state revenue has not yet fulfilled its target, the volume of revenue collected is quite high as compared to the corresponding period last year. Budget allotments for capital construction and other key projects as well as expenses for various cultural, social, security, national defense, wage, and social insurance domains have been promptly ensured. The monetary and banking sectors have also made notable progress, thus gradually relieving the shortage of cash, improving credit, and promoting the people's investment in production and business.

Foreign economic relations have also scored remarkable progress. The export value increased by 11 percent as compared to the corresponding period last year, thus enabling the importation of essential goods and materials. Progress has also been made in joint ventures with foreign corporations and in promoting foreign investment in the industrial field. Moreover, the education, scientific, public health, cultural, and information sectors have also satisfactorily carried out the state plans, strengthened their organizations, and improved activities to enhance their work quality.

Despite the budget constraint, the state has promptly provided subsidies for wage earners and those subjected to social welfare allowances. Assistance has been given to people and victims of natural calamity in various areas. In many localities, the local administration and people have actively carried out campaigns to provide help to poor families.

Relations between our nation and foreign countries, especially with those in the same region, have scored new progress. Better care has been provided to the Armed Forces, thus enabling them to satisfactorily carry out their duty at the border areas and offshore islands.

The Council of Ministers asserted that these positive achievements were attributed to the efforts in renovating and implementing the economic mechanism, policy, and structure; the development of potentials built during the past years; the dynamism and creativity of production, business, and service establishments; and the great efforts of the Council of Ministers and echelons of the administration in management and supervision of work and in formulating and implementing lines and policies.

The Council of Ministers contended that, although positive achievements have been scored in various domains, the current situation at home and abroad still poses many new challenges to our nation.

The Council of Ministers asserted the strong determination of our entire party and people in the struggle to fulfill and exceed targets set for the 1992 socioeconomic development program, which was adopted recently by the National Assembly. This created momentum for further development in the ensuing years.

The Council of Ministers pointed out weaknesses and shortcomings as well as key tasks that sectors and echelons must strive to overcome and fulfill during the second half of the year. These include efforts to overcome obstacles in implementing lines and policies, create healthy conditions for socioeconomic activities, positively expand the markets, accumulate capital for production activities of all economic components, continue to curb and stop inflation, strive to overcome a shortfall in revenue collection, eliminate misuse of state revenue, and prevent disturbances to the market and fluctuation of prices of essential goods, gold, and U.S. dollar. Efforts must also be made to promote foreign economic relations to expand markets for our products; attract foreign investment in industry; step up research and protection of the environment; and create conditions for the education, public health, cultural, and information sectors to develop in parallel with the economic growth. We must quickly implement programs to create more jobs, strive to streamline the organization of administrative and professional agencies, improve the wage system, and formulate concrete and fundamental measures to fight poverty in many regions throughout the country, especially in the highland areas.

We must also strive to maintain order and discipline in business activities and in carrying out state and social affairs by applying uniform measures; effectively suppress such social vices as smuggling, corruption, and the dissemination of decadent culture; restore national security and defense; and maintain social order and safety.

The Council of Ministers requests ministers, heads of sectors, and chairmen of people's committees at various echelons to strengthen their responsibility and directly supervise the implementation of urgent tasks set by the Council of Ministers which include efforts to oppose smuggling, promote border trade, reorganize state-run business establishments, improve state farms and forestry sites, carry out greenery projects and the settlement of nomads, preserve forests, control natural calamity in the rainy season, step up the implementation of public health and social welfare programs, protect and develop national traditional culture, maintain political security, oppose negativism at sectors and in localities, and renovate the mechanism and work style of state agencies.

Ho Chi Minh City Limits Forced-Labor Sentences

BK0307160192 Hong Kong AFP in English 1029 GMT 3 Jul 92

[Text] Hanoi, July 3 (AFP)—Ho Chi Minh City has stripped district officials of the power to send accused lawbreakers to forced-labor camps, the city's TUOI TRE (YOUTH) daily reported.

Common law criminals, draft-dodgers and breachers of civil regulations must now be tried and sentenced in accordance with the law, a decree from the Ho Chi Minh City People's Committee (municipal administration) said.

But the city government reserved itself the power to send people to forced-labor camps, TUOI TRE said in a June 27 article received here Friday.

District chairmen had previously been authorized to send offenders to the camps for up to two years without trial, according to Vietnamese sources.

Damages Caused by Typhoon Updated

BK0607101192 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 2 Jul 92

[Text] According to incomplete statistics released by the Central Committee for Typhoon and Flood Control, typhoon No. 1 has caused damage to many sea and river dikes in Haiphong, Quang Ninh, Thai Binh, and Nam Ha Provinces. Five persons were reportedly killed, nine missing, and eight injured in Hanoi, Quang Ninh, and Thai Binh while 128 houses collapsed, mostly temporarily built houses.

In Haiphong municipality and Thai Binh Province, more than 1,520 houses lost roofs or were damaged. In Hanoi, Haiphong, Quang Ninh, and Thai Binh Provinces, 140 high-voltage electric poles were uprooted. A total of 46 vessels and boats were sunk, mostly in Quang Ninh Province.

In Hanoi, Haiphong, and Nam Dinh, more than 500 trees were uprooted. The falling trees crushed many electric supply lines in these localities. The downpours have submerged more than 25,000 hectares of the winter-spring and early 10th-month rice crops, damaged more than 14,000 hectares of the 10th-month rice seedlings, and wiped out thousands of hectares of vegetables.

New Zealand

Minister's Budget Speech Considered TV 'Pitch'

BK0207163092 Hong Kong AFP in English 1008 GMT 2 Jul 92

[By Michael Field]

[Text] Wellington, July 2 (AFP)—Finance Minister Ruth Richardson produced her second budget here Thursday night, turning it into a political television pitch while announcing almost nothing new economically.

In an unusual move she did not include in her statement the latest budget deficit figure, leaving it buried instead in the accounts which are not read out.

With the ruling National Party beseiged in opinion polls and trying to mount a good news campaign by proclaiming the death of the nation's long running recession, Richardson turned the budget into a party political speech rather than an economic statement.

With it going live on state-owned Television New Zealand (TVNZ), it gave her a rare opportunity to speak directly to the nation. But in an extraordinary move, TVNZ broke into her speech halfway through, to reveal that the budget deficit figure was not going to be in the speech. TVNZ then announced what the figure would be, taken from the tables released to the media.

"Recovery is official," Richardson told Parliament. "We're on our way."

Tipped as a "business-as-usual" budget, the tables revealed the budget deficit for the year to June 30, 1992, was 3.2 billion New Zealand dollars (1.7 billion U.S.). Last year in what she called the "mother of all budgets" Richardson had predicted that figure would be 1.7 billion dollars (926 million U.S.). Last year she predicted a balanced budget by 1993, but it was clear Thursday this was off.

She said the deficit in 1992-93 would be 3.29 billion dollars (1.7 billion U.S.) and a 2.8 billion dollar (1.5 billion U.S.) shortfall the following financial year. She said she was still committed to a balanced budget.

Her 50 minute address was light on significant detail, including some increased spending on tertiary education to create more places in universities, increased police numbers and a boost in work schemes to create jobs.

She also announced a 28-year long programme to plant trees on 200,000 hectares (494,000 acres) of erosion ravaged land in the East Cape region of the North Island.

Taxes were not increased but collection of company tax is to be tightened up.

Richardson said she was not raising taxes because doing so would threaten the economic recovery. But she said she was determined to close off the loopholes that were being exploited by businesses and which had added to the low revenue intake.

She said the government would strengthen the foreign company and foreign investment fund regimes which controlled the taxation of residents on their worldwide income.

"Often in the past the overseas income earned for New Zealand residents has escaped the tax net. By tightening the regime the government will ensure residents with foreign-sourced income meet a fairer share of our tax burden," she said.

She said the government would tax business entertainment expenses at 50 percent from July 1 1993, removing their current full deductible status. She did not say how much this would raise.

Richardson said her "no surprises" budget, as she tipped it in advance, was designed to reinforce recovery. It would keep New Zealand on the path she set last year, based on low inflation, low interest rates and boosting international competitiveness to have an export-led recovery.

The budget was condemned by Opposition Leader Mike Moore who said it did nothing for New Zealand.

"This budget has done nothing to stop the Americanisation of our health system, nothing to halt the rise in unemployment and nothing to prevent more businesses falling over."

He said the budget did nothing to slow down the "disintegration of New Zealand" started by the government's December 1990 financial statement, which cut welfare benefits.

"We still have foodbanks in every city, people without adequate housing and health care and private security guards patrolling schools.

"The only good news is that Prime Minister Jim Bolger and Finance Minister Ruth Richardson have just one budget to go."

An election is due by October 1993 at the latest.

Minister Announces Foreign Aid Cut by 3 Percent

BK0307091592 Hong Kong AFP in English 0753 GMT 3 Jul 92

[Text] Wellington, July 3 (AFP)—New Zealand announced Friday it was cutting its foreign aid by three percent despite promising at last month's Earth Summit that it would commit itself to extra Third World help.

In a statement Foreign Minister Don McKinnon said the government's budget, outlined Thursday, gave 142 million New Zealand dollars (77.4 million U.S.) for official development assistance (ODA) in the 1992-93 financial year.

This amounts to a three percent drop but he said given budgetary constraints this was "a realistic level".

But he said the cost of managing ODA would be cut by 15 percent.

He said the new aid would need to be "spread thinly but still equates to a little over 0.2 percent of gross domestic product.

"Certainly, I hope that we will not see a decline in the aid level in future years below that 0.2 percent mark," he said.

He noted that at the Rio conference New Zealand had joined other developed countries in committing itself to provide new and additional aid to developing countries.

More than 60 percent of the ODA will go to South Pacific countries, and the bulk of that to countries which New Zealand had constitutional or treaty obligations. These are the Cook Islands, Niue, Tokelau and Western Samoa.

McKinny said he was particularly keen to do more "for those parts of Asia that are facing significant social change.

"By finding savings elsewhere, even within the declining total, we have been able to increase the allocation for China, to establish a small new programme for Mongolia, and to double the allocation for Cambodia, Laos and Vietnam."

Most of the Asian aid will be tied to New Zealand expertise through the Indochina Development Assistance Facility set up here to get businesses into Asia.

"We will be working to ensure maximum mutual benefit from this increase in funds."

Bilateral aid to Indonesia will be worth five million dollars (2.7 million dollars), Philippines 2.6 million dollars (1.4 million dollars), Thailand 1.8 million dollars (981,180 dollars), China one million dollars (545,100 dollars), Indochina 1.5 million dollars (817,650 dollars) and Mongolia 700,000 dollars (381,570 dollars).

Grants to multilateral agencies would also be modestly increased to 20 million dollars (10.9 million dollars) with McKinnon citing as recipients the United Nations Development Programme, the Commonwealth Fund for Technical Cooperation, the United Nations High Commssioner for Refugees and the International Committee for the Red Cross.

Papua New Guinea

Bougainville 'Destruction' Investigation Urged

BK0607081392 Hong Kong AFP in English 0750 GMT 6 Jul 92

[Text] Honiara, July 6 (AFP)—A fourth generation white Bougainville businessman called Monday for an independent fact-finding mission to the rebel-dominated island to halt what he claimed as the indescribable suffering of the people.

Plantation owner Mike Forster told a news conference the last three years had brought about the destruction by Papua New Guinea of a "once beautiful and rich developing culture."

"The suffering of the people is too great to describe, the prevention of people's access to medicine in such a biologically active region has caused thousands of deaths," he said, adding "many diseases which had been long-controlled on the island such as tuberculosis, leprosy, yaws and dysentery have returned."

Rebels on Bougainville, a north-eastern island province of Papua New Guinea and the scene of secessionist conflict for more than three years, declared unilateral independence in May 1990.

Forster, who represented the rebel government to the United Nations this year, is a member of a group of Bougainville leaders visiting Honiara for the 23rd annual Pacific Forum. Two others, Moses Havini and Martin Miriori, secretary of state of the self-styled interim government, told reporters Papua New Guinea troops, with the backing of the Port Moresby government, had been attempting to commit "genocide" on the island.

Australian barrister Rosemary Gillespie told a news conference Sunday she escaped a hail of machine gun bullets when her boat was attacked by a Papua New Guinea aircraft.

Gillespie said she had 30 signed affidavits to support her account of large scale human rights abuses in the province.

"PNG armed forces have killed innocent civilians on Bougainville, including four paramount chiefs, men, women and children," Gillespie said.

"Civilians have been tortured and detained without charge," she said.

Forster said Monday: "On Bougainville that is nothing but disbelief, disbelief in the attitudes of the PNG Government to torture the people so cruelly to protect the colonial notion of Bougainville belonging in some way to PNG."

He expected the Bougainville issue to be raised by delegates to the Forum, either in conference or outside the meeting.

His group is pressing Forum countries to mount a fact-finding mission to Bougainville to study what he said were "human rights violations and concentration camps."

"Refusal by PNG to acquiesce to this would be an admission of malpractice on their part," he said

Forster also called on the Forum to pass a resolution requiring a lifting of Port Moresby's blockade and to discuss progress towards a multinational peace keeping force, to which Papua New Guinea agreed last year.

Australia's Foreign Minister Gareth Evans said Australia was concerned about the kind of allegations that were made about human rights violations in Bougainville, but did not support a fact finding mission backed by the Forum.

"I don't accept that it would be appropriate by the forum or any other international body to become involved at this stage," he said.

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